

Celo Governance Call #13

October 14th, 2021

CGP-40: Reduce Exchange Spreads for cUSD and cEUR ([Link](#))

- Summary:
 - This proposal suggests a reduction of the fee charged for cEUR and cUSD exchanges via Mento, the Celo stability protocol.
 - Set cUSD spread to 0.25%
 - Set cEUR spread to 0.25%
- Why It's Needed: The overarching goal of this proposal is to “ With the sharp increase in cUSD and cEUR demand seen over the last few weeks, the price of cUSD and cEUR has, as expected, been trading mainly at the upper bound of this arbitrage free zone, staying below 1.01 most of the time. To tighten the peg further, we suggest reducing the spread to 0.25% which can be expected to reduce the arbitrage free range by about 0.25% in each direction.” Basically, that means reducing the arbitrage spread.
- Discussion Summary:
 - Price action affects the reserve much more than fees collected.

CGP-45: cBRL Activation ([Link](#))

- Summary:
 - This proposal means to fully enable cBRL on-chain.
 - This proposal is meant to be submitted after CGP-42 passed and at least one successful oracle report for cBRL has been made on-chain. At this point cBRL should already be created, but frozen and un-usable.
 - Adds cBRL to reserve
- Why It's Needed: The overarching goal of this proposal is to activate cBRL and add it to the reserve. This is needed to unlock value propositions in brazil, cross border payments, on chain pairs, market makers. This would also be the first stable coin for the region.
- Discussion Summary:
 - One attendee noted that Brazil is a particularly good destination for investment given recent growth in venture investment in the country.
 - Still need oracle for real price and a foreign exchange. Binance is an option
 - Proposals go thru testnet before mainnet to test reliability for at least a couple weeks before mainnet launch, same as the process for cEUR.



CGP-42: cBRL Contract Deploy ([Link](#))

- Summary:
 - This proposal would propose to execute the Celo Core Contracts Upgrade (not a) Release 6, which mainly proposes the activation of the StableTokenBRL and ExchangeBRL smart contracts.
- Why It's Needed: This is needed to unlock value propositions in brazil, cross border payments, on chian pairs, market makers. This would also be the first stable coin for the region.
- Discussion Summary:
 - See cgp-45
 - Signal to local partners that we want to participate.
 - [link](#)

CGP-44: Increasing Mento Bucket Sizes ([Link](#))

- Summary:
 - This Governance intends to increase the amount of the buckets, as a percent of the total amount of the unfrozen Reserve Celo buckets. The concrete proposal is to lift the current bucket sizes to X% of the total unfrozen CELO in the Reserve.
 - Increase bucket size Exchange.setReserveFraction
 - Increase bucket size ExchangeEUR.setReserveFraction
- Why It's Needed: Updating the bucket sizes means that Mento has more liquidity to provide to arbitrageurs, as well as making exchanges suffer less slippage, which could lead to a tighter peg.
- Discussion Summary:
 - Current bucket slippage on mints can be viewed at [link](#)

CGP-43: Reserve Freezing To Get Back To Target Allocation ([Link](#))

- Summary:
 - This proposal is meant to freeze a portion of the unfrozen Celo allocation the reserve currently holds, proposing a multi-year linear release schedule.
 - [celo reserve](#)
- Why It's Needed: As Mento bucket sizes are proportional to the Reserve size, in order to keep the current bucket sizes as-they-are, it is needed to increase the reserveFraction for all the stable assets currently deployed (cUSD and cEUR) in the same proportion as the percentage of the Reserve that is frozen.
- Discussion Summary:
 - Why do we need to freeze to get back to target, we can sell Celo or remove Celo from allocation. If we wanted to sell, it would have a significant impact on the community if even possible to find liquidity. Some don't believe it possible to do such a trade now and would suggest freezing it and trading it later when liquidity is much better.
 - This proposal doesn't aim to change the current allocation, it keeps it the same.
 - Suggestions to drop or lower allocation since we are not hitting target due to the amount of celo needed to trade is bigger than liquidity. This proposal is aimed to put aside celo for when a trade like this would be able to be fulfilled.



