

Source: <https://slock.it/dao.html>

## “The DAO” – A Proposed Distributed Governance Model

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After securing over \$150 Million in funding (in Ether), a new collection of smart contracts on the Ethereum blockchain is garnering considerable attention. Affectionately called The DAO (Decentralized Autonomous Organization), the collective work of dozens of engineers across the globe have created the first implementation of code to automate governance and decision making across multiple parties. A new era of corporate structure is beginning to emerge, putting the decision-making power into the hands of the collective and enforcing rules with software.

The primary purpose of The DAO in its first iteration is to demonstrate the ability to crowd-fund projects on Ethereum without the need of a central party. The DAO provides robust voting protocols on fueling project proposals as well as a unique method to protect minority voters. This is a fundamental change to current options of crowd funding, which improve on small contributor’s abilities to support a project, but fail to solve the risks they face when desiring to pull their support.

Despite the apparent success of the first DAO, there have already been a few security flaws discovered. For one, there’s an observed difficulty withdrawing funds from the DAO. Another describes the bias towards approving projects, even if they are fundamentally poor.

Further iterations of The DAO could replace the bylaws and shareholder agreements of corporate entities. Current governance models require the trust of individuals or groups of individuals in a company to adhere to the laws that the define the structure of the company. By coding the rules into a distributed blockchain, the enforceability of corporate agreements can be guaranteed.

Keep a look-out for opportunities to join The DAO 2.0, as 1.0 is already closed for new entrants.

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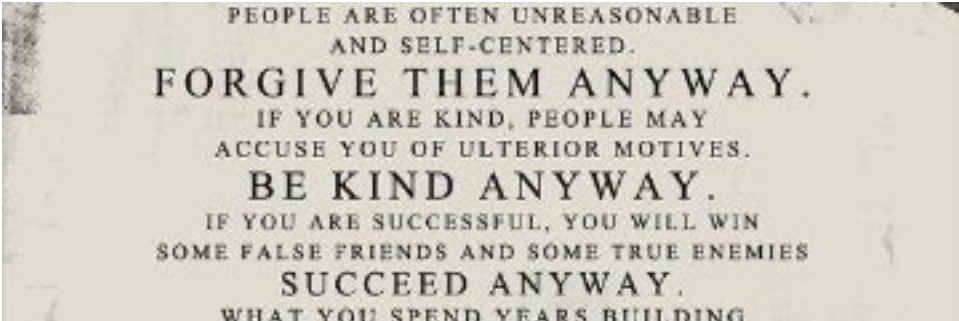
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