The Polar Manifest

Polar DANO

The First Decentralized Autonomous Nodes Organization (DANO)

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I - Introduction

Polar DANO aims to be the first fully decentralized autonomous node organization (DANO). The Polar protocol works in the following way: the investor buy a nodes using the POLAR tokens, the amount spent on this node is split between treasury, liquidity pool and rewards distribution. The treasury then is invested using different strategies, picked by the community, to generate revenue, to list a couple of strategies: yield farms, staking and validator nodes. A node gives the investor the rights to receive daily payment that are being generated by the protocol from the current investments and form the distribution that occurs when a node is bought.

The classical node model poses several challenges, the main ones being trust and the economic sustainability.

In order to build trusted network, investors need to be assured that the team is not corrupted and ill intended, that there will be no "rug". The investor wants to be sure that what is decided is with theirs best interest in mind and that funds are transparent and can be audited by everyone.

In the economic side, the investors of the network must have the guarantee that the model is sustainable. For this to work, it is necessary that the redistribution of the revenues is intelligently calculated, the project have transparency on where and why the treasury is placed and that the direction the project is moving is aligned with the expectations of the community.

II - Trust issue

Trust is the key to any decentralized entity.

In DeFi, unfortunately, scams are common. To mitigate this problem, projects setup measures to protect their communities, they usually are: KYC, Multisig, Liquidity lock and Audits.

- Know your Costumer (KYC): This system is fallible and the antithesis of the very idea of decentralization. The organization sells the identity of presumed team members to another organization that is responsible to validate their background. Then this organization is kept responsible to expose the team identity to authorities in case of theft.

There are several problems with this, first, selling the identity of one's organization's members is fallible. There is no guarantee that the identity provided is true. Fake cards can be used, one person can be paid to impersonate another, etc.

But, contrary to appearances, one of the most worrisome problems is that delegating this security to a third-party organization does not translate into a real safety measure, there is no proof that the third-party organization is not corrupt, incompetent or if their process is flawed. There is no guarantee that the KYC organization is truly protecting the data of those being audited. This organization may very well give in to threats and pressure from influential people, communities, private companies and the state.

- Multi-signature (multisig): refers to requiring multiple keys to authorize a transaction, rather than a single signature from one key. It has a number of applications:

- Dividing up responsibility for possession of tokens among multiple people.
- Avoiding a single-point of failure, making it substantially more difficult for the wallet to be compromised.
- Backup where loss of a single seed doesn't lead to loss of the wallet.

This principle is commendable and relies on the trust of the protocol users towards the people who "control" this multi-signature wallet.

Unfortunately, in most cases, this protection is not enough. The elections of the members holding the keys can be rigged, as they usually happen at the very beginning of a project, and the "influencers" composing it can be corrupted by self-interested. Moreover, in most cases, it only requires three or five signatures, which limits the number of people that are ill intended.

- Liquidity lock: Liquidity is locked by renouncing the ownership of liquidity pool (LP) tokens for a fixed time period, by sending them to a time-lock smart contract. This system provides liquidity protection. It is certainly vital, but often the most important wallets are not locked, which brings a big security risk to the protocol. Furthermore, there is no guarantee that the access passwords are well protected and a risk of breach still persists.

- Audits: This system is supposed to ensure the reliability of the code, that there are no security issues and to guarantee to the members of the organization, who are not familiar with the technology, that the code is reliable.

Unfortunately, this system is fallible. Trust is based on the reliability of the auditing company. The auditing company may be corrupt, inefficient, or may do poor quality audits. Besides, some projects take advantage of this audit to not make their code public, this poses a serious problem to security and transparency.

III - The solution: a total decentralized organization

Polar DANO, has been warning from the beginning that these security "guarantees" are purely marketing to create a false sense of security, who hope to obfuscate the issue. None of these guarantees fully protect the investors because, they have flaws as demonstrated above and are usually used as a marketing tool more than as a security measure. However, the solution is simple, the answer lies in the very essence of what DeFi is. Decentralization and transparency through code.

Polar DANO wants to solve these problems by becoming the first DeFi protocol totally decentralized, without any control entity that might be swayed or corrupted. A protocol that does not need to certify the identity of its members by a third party and where the only control is called: the blockchain.

Our protocol must be totally open-source. No team runs it, no team can rip you off, the whole community **IS** the protocol. We want all de decisions of the project to be held by those who are investors in of the protocol, not by just a couple of team members of the management team. The code, whether it is the dApp or the smart contracts, will be totally open source. The dApp will be put on a git repository, the smarts contracts verified through the blockchain explorer.

In order for this system to work, we as a community will need to work hard to keep these two fundamental pillars: trust and security. To solve the security and trust issues, the decentralized organization will hold regular elections to choose the members representing the protocol. There will be many protocol representatives, their powers must be limited to only execute what as previously validated by the majority of the community members.

Decentralization must be absolute: all the wallets of the project must be in the hands of the community. All protocols and dApp updates must be made and authorized by the community. All treasury transactions, no matter what they are, must be validated by the community.

In order to guarantee security, every node owner must be able to vote. Each vote will have the same weight, whether you are rich or poor. To secure the funds everything will be in multi-sig wallets of 150 members elected by the community every 4 months. Transactions will have to be validated by at least 50 members of this elected council, the community will have the right to review and will also have to validate these changes or revoke it. Liquidity will be locked whenever possible and if it does not jeopardize the evolution and integrity of the protocol, ownership of the contracts will have to be waived. When this is not possible, the multi-sig "owner" wallet will guarantee the protection of its ownership.

Finally, the only audit will be transparency. Everything will be public. Everything will be developed by the community and for the interests of the community itself. Better than a frail third-party company, better than all the marketing, the only true transparency is called: open-source. Decentralization does not require a third party. We were born of decentralization, each of us is part of the decentralization, we are the result of decades of peer-to-peer and privacy fighting.

IV - The electoral system

Polar DANO wants to be a democratic organization and to do so we intend to have our own constitution written by the community and for the community. To ensure the integrity of the protocol, we want only node owners to have the right to vote. Voting will be done on transparent and decentralized platforms, like snapshot.org. Community members will vote on several levels:

First the community will elect representatives, the "senators", who will be in charge of writing projects to improve the protocol and the development of the project. This senate should be equally distributed between big node holders and the small holders. This senate will be renewed every 4 months. At the beginning, the number of senators will be proportional to the number of holders, but eventually, it should not be bigger than 250 senators. A senator will be able to stand for reelection if he wishes. But the community will have the final say on the senator's proposals. The senators will propose improvements to the protocol, investments and strategies. The members of the community will vote on each text by referendum, they will be the only ones able to accept or refuse the proposals.

V - The multisig

We want to set up a multisig, composed of all senators. This multisig will need the absolute majority of keyholders to agree (i.e. 51%), for a transaction to be carried out. This transaction can be a cash transfer or an action on the owner of the contracts. This process is still to be defined, we count on the proposals of the community to build the safest possible solution for the protocol.

VI - Organizing Polar DANO

Polar DANO has no team, except the community. The members who wish to do so can help in the implementation of this revolution in the DeFi protocols. Developers, marketing, strategy, design, influencers, anyone can offer their help and be part of the adventure.

This protocol will have to be updated by the community. An investigation must be done by the community, to decide on the future features of Polar DANO, then the members work on the realization and the implementation of the new contracts.

In parallel, the historical creator team will help supervise the transition, under the control of members elected by the community. Once the implementation of the fully decentralized protocol is complete, the historical team will lose its role as supervisor, will have no more power, will not receive any income from the protocol and will become anonymous again, like the thousands of other members of Polar DANO.

Because we believe in privacy, because we believe in decentralization, we believe that only the community itself can and should ensure its security and integrity.

Polar DANO is sovereign, we are all Polar DANO.

Polar DANO

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