Initial Treasury Diversification

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Date: 2022-08-23
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Thesis

The DAO Multisig at 0x143cC0A996De329C1C5723Ee4F15D2a40c1203c6 shall:

- Swap 1,000,000 DAI[1] for ETH[2];
- Swap 10,000,000 DAI for cDAI[3]; and,
- Swap 1,000 ETH for Lido stETH[4].

Abstract

On August 9, 2022, ETH was worth 1,775.348 USD.[5]

The DAO treasury holds the following assets:

Asset	Amount	Amount in USD	Percentage of Total
DAI	13,929,850	~$13,909,166	85.58%
ETH	1,318.5573	~$2,341,991	14.41%

Prior to June 18, 2022, the DAO had ~869 ETH, acquired at an average price of 2,875 USD. Between June 18, 2022 and June 30, 2022, the DAO acquired 450,000 USD worth of ETH at a price of $900-$1030 per ETH, acquiring a total of ~448 ETH, currently worth ~$798,259, bringing the average cost per ETH to ~$2,122. The DAO is invested in the long term success of the Ethereum ecosystem and is willing to hold ETH over the long term.

The contributions to the Gnosis were recorded by Ethereum and are available in markdown here.

Sheets

These and future treasury actions will be documented in the DAO Google Sheets, which will be updated with the token allocations by address. Sheets of expenses will be updated with as they are submitted.

The DAO made steps to diversify its treasury in MIP-001 - *Emergency Proposal to Convert 550k DAI into ETH via Uniswap, Curve or 0x*. Further treasury

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[1] MakerDAO's DAI, on the Ethereum Mainnet at 0x6B175474E89094C44Da98b954EedeAC495271d0F.

[2] Ether, on the Ethereum Mainnet.

[3] Compound Finance's Compound DAI (cDAI), on the Ethereum Mainnet at 0x5d3a536E4D6DbD6114cc1Ead35777bAB948E3643.

[4] Lido DAO's Lido Staked ETH (stETH), on the Ethereum Mainnet at 0xae7ab96520DE3A18E5e111B5EaAb095312D7fE84.

[5] United States Dollar.

information and documentation of expenses incurred can be found in the DAO's Accounting Spreadsheets.

Motivation

The DAO could earn interest on its assets by investing in ETH, cDAI, and stETH. The DAO has held the vast majority of its assets since February, 2022 and has not earned any interest to date. At a minimum, the DAO should provide assets to non-controversial protocols which have been mainstays of the Ethereum ecosystem while also staking in preparation for Ethereum 2.0.

Specification

The Multisig may make reasonable modifications to this specification.

Lido stETH

The DAO Multisig to:

- Wrap 1,000 ETH (exchange 1,000 ETH for 1,000 Wrapped ETH at 0xC02aaA39b223FE8D0A0e5C4F27eAD9083C756Cc2).
- Create a limit order (using the 0x Protocol via matcha.xyz) to buy up to 200 wETH worth of stETH with a 7-day expiry. The limit price should be the 24-hour moving average wETH price of stETH at the time of the transaction's queuing. Repeat this step until the DAO has swapped 1,000 ETH for stETH, exchanging a maximum of 200 ETH within any given 7 day period.

Compound cDAI

The DAO Multisig to:

- Create a limit order (using the 0x Protocol via matcha.xyz) to buy up to 1,000,000 DAI worth of cDAI with a 7-day expiry. The limit price should be the 24-hour moving average DAI price of cDAI at the time of the transaction's queuing. Repeat this step until the DAO has swapped 10,000,000 DAI for cDAI, exchanging a maximum of 1,000,000 DAI within any given 7 day period.

ETH

The DAO Multisig to:

- Create a limit order (using the 0x Protocol via matcha.xyz) to buy up to 200,000 DAI worth of wETH with a 7-day expiry. The limit price should be the 24-hour moving average DAI price of wETH at the time of the transaction's queuing. Repeat this step until the DAO has swapped

1,000,000 DAI for ETH, exchanging a maximum of 100,000 DAI within any given 7 day period.
- Unwrap the ETH (exchange Wrapped ETH for ETH).

Rationale

- ETH, Lido stETH, and Compound cDAI are all established and well-tested assets.
- By holding yield-bearing assets, the DAO will extend its runway.
- Using the 0x Protocol will minimize slippage and gas fees associated with exchanges of this size.
- A "DCA" strategy minimizes risk from market fluctuations and reduces slippage.
- Multisig discretion allows the Multisig to respond in the event of severe market shifts.
- Limit orders mitigate risk from short-term price fluctuations.

Risks

The DAO assets will be exposed to:

- Market fluctuations affecting ETH, wETH, stETH, and cDAI.
- Institutional risks affecting the Ethereum Foundation, Compound Finance and Lido DAO.
- Smart contract risk affecting cDAI and stETH.
- Slashing risks associated with stETH.
- Risk associated with coordinated oracle attacks.
- Risks inherent to the Ethereum ecosystem and the consensus layer merge, including bugs and a failure to reach required merge adoption levels.

Timeline

The DAO Multisig is authorized to execute the specification for one-hundred (100) days after this proposal has passed. The DAO Multisig may not extend this period beyond 100 days, without passing a new proposal.

Snapshot Consensus by the DAO Members

Whereas the DAO through its Members voted to adopt the following actions via Snapshot and resolves as follows:

RESOLVED: That DAO Multisig at 0x143cC0A996De329C1C5723Ee4F15D2a40c1203c6 shall swap **1,000,000 DAI** for ETH, swap **10,000,000 DAI** for cDAI, and swap **1,000 ETH** for Lido stETH in accordance with the specification of this proposal.

RESOLVED FURTHER: That the **Service Providers** of the DAO are each authorized and empowered to take any and all such further action, to execute and deliver any and all such further agreements, instruments, documents and certificates and to pay such expenses, in the name and on behalf of the DAO, as any of each of the **Service Providers** may deem necessary or advisable to effectuate the purposes and intent of the resolutions hereby adopted, the taking of such actions, the execution and delivery of such agreements, instruments, documents and certificates and the payment of such expenses by any such **Service Providers** to be conclusive evidence of his or her authorization hereunder and the approval thereof.

RESOLVED FURTHER: That any and all actions taken by the **Service Providers** of the DAO to carry out the purposes and intent of the foregoing resolutions prior to their adoption are approved, ratified and confirmed. As used in this document, the words "herein," "hereof," "hereby" and "hereunder" shall refer to this document as a whole, and not to any particular section, provision, or subdivision of this document.

This action by the DAO Member by Snapshot vote shall be effective as of the date the DAO Entities receives the consent of the DAO at the end of the Snapshot vote. This action by the DAO Members consent may be executed in any number of counterparts, each of which shall constitute an original and all of which together shall constitute one action.

Authors

1. 0x30670D81E487c80b9EDc54370e6EaF943B6EAB39
2. 0x5d95baEBB8412AD827287240A5c281E3bB30d27E