

JBX: January 2023

The JBX token for JuiceboxDAO's V3 treasury is being deployed. V3 JBX accepts 1:1 migrations from tokens generated from its V1 and V2 treasuries, and reports its total supply as the sum across all versions.

With this milestone now done, we should reflect on JBX's current strengths and points of fragility, and begin workshopping proposals for how to continue encouraging a reliable JBX foundation.

Current strengths

- Prevents capture by speculators.
 - Price goes up issuance rate becomes best exchange rate reserved token recipients retain leverage.
- Aggregated scheduled decision making.
 - All spending decisions and treasury dynamics expressed into funding cycles configurable every X days.
- Cost-free voting.
 - Snapshot as a tool to facilitate.
- Redemption.
 - JBX holders own the treasury's overflow, creating a productive tension between the urge to spend on network proliferation and an urge to conserve. Members can exit with resources if they are losing trust with how this tension is playing out.

Current fragilities

- Dependent on 9/14 multisig for execution.
 - Delegates must show up on time to execute JBX holder desires, and could defect.
- Voting tokens are fully liquid.
 - Decisions can be made to appease momentary price swings.
- New JBX is being issued to fee payers and reserved rate contributors at a certain price, but JBX is being sold by others on the open market at a much lower price.
 - Projects are overpaying for their JBX and reserved rate contributors are receiving less-than-ideal issuance, and the market's demand to sell JBX at a certain price is unmet. To proliferate the network to productive members, the DAO should want to shift JBX ownership from those who most want out to the network's most productive members. It is better off facilitating an improvement to this inefficiency instead of taking in more ETH.
- Reserved token distribution prioritization.
 - It is impossible to determine fairness of reserved rate distribution as the JB network proliferates and productive contributions become less coordinated through discord and less inter-personal overall, yet

the reserved rate is a key piece of the DAO's immune system against speculative capture.

- JBX governance process.
 - There are relatively few holders with over 10m JBX who participate in governance, and proposals often require explicit support by a subset of these members in order for them to pass the 80m JBX quorum.

These fragilities add risk, and hold the ecosystem back from maximum productivity.

JuiceboxDAO should consider budgeting upcoming time and resources to create a less fragile and more catalyzing JBX foundation.

3 Proposals to address fragilities

- Progress towards artful veNFT JBX on-chain governance of the Juicebox project ownership NFT.
 - **How it works**
 - * Lock JBX for a certain amount of time to mint an NFT. Burn the NFT once the lock period has passed to reclaim underlying JBX.
 - * The NFT and its underlying JBX can be redeemed against the treasury at any time according to the treasury's current redemption rate.
 - * NFTs are transferable.
 - **Reasons**
 - * Treasury decisions are biased by those who hold assets aligned with the network's long term financial and cultural value.
 - * Automated and distributed participation without reliance on a specific multisig cast.
 - * Signifies confidence in the current JBX token version.
 - * Despite also being liquid, transferable NFTs don't contribute to a price-chart meme, and instead can have value correlated to other cultural phenomena like provenance, voting history, and art. Non-transferable NFTs would have too big of tradeoffs to consider.
 - * Allows proposals to begin leveraging staked position distribution in their specification, reducing the risk of JBX distribution that ends up dumped on the market.
 - * Shippable in parts. We can ship veNFT and begin using it in Snapshot governance strategy.
 - * It's likely artwork makes governance more engaging.
 - * Most day-to-day activity will move to cheaper execution layers — mainnet JuiceboxDAO will manage less frequent and more consequential decisions, making on-chain transaction fees more worth it. This reason isn't ve specific.

- * On-chain ops will likely broaden interest in the JBX mechanism and its governance. This reason isn't ve specific.
- **Tradeoffs**
 - * Likely lower voter turnout since a subset of JBX holders will prefer liquidity.
 - * Voting no longer free.
- **Risks**
 - * Subsequent token migrations become much more difficult.
- Use buyback delegate on JuiceboxDAO treasury funding cycles.
 - **How it works**
 - * If the ETH/JBX exchange rate on an AMM is significantly better than the JuiceboxDAO V3 treasury's issuance rate, use the inbound ETH to buyback JBX from an AMM and distribute to the payment beneficiary and the reserved rate allocations instead of taking the ETH into the treasury and issuing new JBX.
 - **Reasons**
 - * Distribute JBX to fee payers and reserved token participants based on the best available rate.
 - * **Get** JBX away from those looking to sell into those who are currently adding value to the ecosystem.
 - **Tradeoffs**
 - * Unless the available market price is sufficiently close to the issuance price, the treasury will forgo taking in ETH into the treasury in order to acquire the JBX.
- Revised reserved rate allocation strategy, sending 60% to the DAO, 30% to individual contributors with day-to-day responsibilities (tend towards zero here), and 10% towards a fee module where JBX ve stakers can claim weekly [periodic] amounts based on that week's growth (my hunch is to tend towards 100% allocation here, very slowly) — proportional to JBX staked amount, *not* staked duration.
 - **Reasons**
 - * We haven't experimented much here, but it holds the potential for a lot of catalyzing energy.
 - * We're allocating to folks who do not hold a lot of day-to-day responsibilities in managing the DAO's risks and contributing to its opportunities, eating into the allocation to those who do.
 - * The DAO should begin developing a decent precedent for distributing its JBX on a per-proposal basis with the goal of proliferating the network. Reserved rate should replenish this supply. Note: a JBX payment terminal would help so that we can budget, schedule, and automate distributions on a per-funding-cycle basis. May be best to start with a smaller allocation than 60% until this is in place.
 - * Fee-distribution modules create an opportunity to encourage new productive behavior while rewarding loyalty, participation, and risk taking.