

11/26 Update

Callen has opted to forego compensation as a Trustee for the Ops Trust. As such, we are reducing the total USD request. We are now asking for a total of \$360,000

in DYDX to launch the Ops Trust.

Here's a quick recap on the breakdown:

Reverie's Compensation: \$180,000 (\$15,000 / month for 6 months + \$90,000 for the playbook)

Joanna's Compensation: \$9,000 (\$1,500 / month for 6 months)

George's Compensation: \$12,000 (\$2,000 / month for 6 months)

Legal Expenses: \$50,000

Operational Expenses: \$50,000

Market Buffer (~20%): \$59,000

Total: \$360,000

Based on the results of the [snapshot](#) vote, we are moving forward with the next step in the proposal process outlined at the bottom. As part of this next step, we are now drafting the Trust agreement and finalizing the DIP commit to enable on-chain movement.

11/15 Update

We are adding Callen from Wintermute as the third Trustee given his experience with DAOs and commitment to the dYdX protocol.

Summary

The dYdX Foundation recently [described](#) a possible path to further build out the dYdX DAO through the creation of multiple subDAOs, the first of which could be an Operations subDAO.

Below is a proposal that details the formation of a dYdX Operations subDAO in the form of a Trust ("Ops Trust"). The Ops Trust would serve a primary purpose, among other responsibilities, of building a DAO playbook, to enable the launch of future community-owned subDAOs that collaboratively operate the dYdX protocol.

The Ops Trust's responsibilities would include the building and iteration of this playbook, establishing fiat banking capabilities to cover non-crypto expenses (e.g. legal expenses, providers, etc...), and managing a DAO communication channel (e.g. Slack or community-managed Discord).

Ultimately, the Ops Trust would lower the barriers to entry for future dYdX subDAOs. It would eat its own cooking by forming the initial Ops Trust and onboarding to banking partners / service providers and then make the DAO playbook open for all dYdX contributors.

Description

In following with the Foundation's post, we think it's critical for the dYdX community to create a framework for scaling the DAO to manage protocol functionalities that will be available upon the release of dYdX v4.

[subDAOs](#) — which simply put, are informal groups of contributors coming together to work on specific tasks for the DAO — are a suitable structure to scale the protocol in an efficient and collaborative manner. In the context of dYdX, we agree that an Operations subDAO is the best place to start.

The Ops Trust will perform operational functions such as managing communication channels and fiat payments for operational expenses. Most importantly, it will create an open playbook for the dYdX community to launch new subDAOs efficiently.

We are proposing to launch the Ops Trust as a Guernsey Purpose Trust, the same legal entity previously adopted by [the Grants Trust](#). While the Purpose Trust works well for certain subDAO functions, different legal structures may be better suited for other subDAOs. The Ops Trust will be responsible for exploring various entity options so that, in the future, community members can make better informed decisions as to exactly which entity type to choose when launching a new subDAO.

The Ops Trust will be formed with three Trustees, an Enforcer, and 6 months of initial funding from the Community Treasury. While we expect the Trust to remain operational indefinitely, we are launching with an initial runway of only 6 months to allow the future scope of work to be better defined after this initial period has been completed. We expect the Ops Trust to

play a significant role in the dYdX DAO, but remain cognizant of the moving pieces that will undoubtedly re-shape the responsibilities and priorities for this subDAO. This initial implementation should serve the main purpose of enabling growth for future subDAOs, while allowing the Ops Trust itself to redefine its long term scope in line with future dYdX DAO priorities.

Motivation

dYdX is facing an important decision to scale the protocol thoughtfully as it transitions to full community ownership. As a community, we have to look ahead towards [organizational transformation](#) through the use of subDAOs. Accomplishing this goal will first require guidance on structural implementation.

Speaking from experience with the Grants Trust, launching a subDAO is not quite as simple as opening a wallet and getting community funding. There are tons of legal procedures, operational headaches, and other nuances to building a truly internet-native organization. Community members should be able to benefit from the know-how and experience gained through the process that led to the creation and operation of the Grants Trust.

To keep up with the competitive landscape, the DAO will also need to operate quickly. Doing so will require a standardized process for launching new subDAOs in charge of important functions. The playbook to be written by the Ops Trust will give the community a thoughtful approach for quickly spinning up new subDAOs, including all legal and operational procedures necessary.

Specification

We propose the following implementations to launch the Operations subDAO:

Trust Setup

Reverie will work with outside legal counsel to establish a Guernsey Purpose Trust following similar guidelines used for the existing Grants Trust. The Trust would launch with the following Trustees and Enforcer:

Trustees

- Reverie Reserves, LLC

Current dYdX Grants lead and Enforcer on the dYdX Grants Trust with experience establishing multiple entities on behalf of DAOs. Given our knowledge of both dYdX and the requirements to launch these subDAOs, we feel strongly that we can best serve the protocol in building the playbook. Outside of DAOs, we collectively hold significant experience in operations with breadth of knowledge in building and documenting processes.

- Joanna Pope

Independent researcher with a focus on organizational design in DeFi. Joanna was the recipient of a dYdX grant to conduct research into organizational decentralization, synthesizing learnings from dYdX community members and contributors to other DeFi protocols. She previously co-authored research reports on DeFi governance, community design and social and legal accountability as part of Other Internet, an applied research organization.

- Callen Van Den Elst

DeFi Envoy at Wintermute Trading who leads Wintermute's governance participation throughout the DeFi ecosystem, most notably for dYdX. Callen's contributions to the protocol include the submission of on-chain DIPs on behalf of other community members and changes to the Liquidity Provider Rewards Program. Wintermute is a major investor and liquidity provider on dYdX and believes in achieving a long-term sustainable future for the protocol.

While we expect Reverie to play a primary role in performing all responsibilities outlined below, each Trustee will be responsible for ensuring the Purpose is carried out as outlined in the Trust agreement. Establishing the Trust with multiple Trustees ensures appropriate checks and balances are in place with regards to the Purpose while also enabling a 2-of-3 multisig for safekeeping of funds.

Enforcer

[George Beall](#)

George is the head of business and operations for Commonwealth and an active member of the DAO community. He drove most of Commonwealth's go to market processes and has established partnerships around the blockchain ecosystem. He worked with dYdX since their token launch to build out the proper tooling to support the DAO's operations.

Trust Responsibilities

The following procedures will be carried out by the Trustees:

- Open a fiat bank account for the Ops Trust

- Hire and manage external legal staff for ongoing guidance
- Payments and Financial Reporting
- Create a Slack account and other communication channels for the Ops Trust, as needed, which can serve as the standard dYdX DAO's communication channel going forward
- Build and share a DAO playbook for launching new dYdX subDAOs

To be abundantly clear, the Ops Trust has no intentions of and will not be responsible for launching new subDAOs or participate in any capacity with newly formed subDAOs created. Rather, our goal is to provide the playbook for community members to take charge of the DAO and take dYdX to the next level.

The following procedures will be carried out by the Enforcer:

- Ensure the Trust's Purpose is being carried out to the best ability by the Trustees
- Assist with operations and communications for the Trust
- Share updates on the Trust's performance and work

Playbook

The DAO playbook will include step by step guides with important topics such as:

- Matrix of legal entity options
- Operational procedures (e.g. how to set up bank accounts, wallets, and the like)
- Legal agreements and templates
- Sharing recommended DAO tools
- Tips on transparency and community engagement

Trustees will apply lessons learned from establishing legal entities, research conducted across subDAO formations, and participation across multiple DAO structures to provide a straightforward process for future dYdX subDAOs to launch.

Compensation & Expenses

To operationalize the trust and develop the DAO playbook, Reverie is asking for a fee of \$15,000 per month and a playbook publication fee of \$90,000

. This structure pays Reverie net \$30,000 per month, but holds 50% of the total compensation accountable to publication of the DAO playbook, our primary purpose in this subDAO.

As a benchmark to this ask, we [know](#) that senior Operations managers in traditional finance make a median \$300,000 per year, which doesn't include benefits, bonuses, and other typical costs of employment. Similarly, MakerDAO's [Sustainable Ecosystem Scaling](#)

core unit, a similar type of subDAO, pays individual full-time contributors an [average](#) \$14,300 per month.

In light of this, an initial monthly compensation of \$30,000 with two Reverie employees committing full-time is in line with market standards.

Joanna and Callen will be compensated \$1,500 per month for their roles as Trustee.

The Enforcer will be compensated \$2,000 per month for their role in the Trust.

In addition to compensation, we expect the Ops Trust to incur up to \$100,000 in initial operating expenses (e.g. legal, service providers). Much of the playbook creation and research will require extensive input and feedback from premier law firms.

With an intention to run this Trust for an initial 6 month period, we are requesting \$372,000

from the dYdX Treasury to cover all costs and compensation. To confirm, 100% of this budget will be converted to USDC and fiat USD. The budget request is itemized below:

[

1626x880 37.4 KB

](https://europe1.discourse-cdn.com/standard21/uploads/dydx/original/1X/7f43fafc8d0aa9671148f8fd185c6354b96213c2.png)

Trust Objectives

The community may hold us accountable to the following objectives that are to be completed within this 6 month period:

- Establish dYdX Operations Trust as a Guernsey Purpose Trust
- DAO Playbook Publication
- Fiat Banking for dYdX Operations Trust
- DAO Communication Channels (Slack, Gather, or other)
- Monthly Reporting

The needs and priorities of the dYdX Ops Trust may evolve over time. If this happens, we may submit new objectives we are responsible to the community for. This could require additional funding and support, through a Snapshot vote.

Proposal Structure

Given the requirements to form a Guernsey Purpose Trust entity, the proposal will be structured in the following way:

1. Commonwealth Post

Gather community feedback on the initial proposal

1. Snapshot Proposal

Submit a snapshot proposal to receive confirmation of community support

1. Entity Preparation

A successful snapshot vote will confirm community endorsement and allow Reverie to engage legal assistance with drafting the Trust Agreement. Keep in mind, the Trust is only formally established through a successful on-chain vote. The following steps will be performed to ready the on-chain vote:

- Create a Gnosis Multisig with Trustees
- Draft the Trust Agreement
- On-Chain Short-Timelock Proposal preparation
- Short Timelock Proposal

The on-chain vote will formally approve the Trust Agreement and transfer the funding request to the Trust wallet, officially launching the Operations subDAO.

Proposal

We propose launching a dYdX Operations subDAO through the formation of a Guernsey Purpose Trust, named dYdX Operations Trust. The Trust will consist of Reverie, Joanna Pope, and TBD as Trustees, and George Beall as the Enforcer. The Trust will initially be funded to cover 6 months of total costs, requesting \$372,000 to cover all expenses.

We look forward to feedback and comments from the community. This proposal may serve as an important step towards enabling the growth of a dYdX DAO made up of community-owned subDAOs. We hope to play a role in enabling this growth for the dYdX community.