Background

Part of the Finance roadmap is to design a long-term plan to manage DAO resources prudently and in line with the DAO's objectives. As illustrated during some of the discussions that took place during Lido's Diversification Rounds, managing the DAO treasury needs a structured approach that solves for lengthening the DAO's runway until it is self-sufficient. Key to this structured approach is a framework that all token holders can get behind, which will take some time to iterate through community discussion and governance.

However, until that time comes, there are easy-win actions the DAO can take without putting the protocol at significant incremental risk relative to its situation today.

Proposal: All idle DAI must sit in the Dai Savings Rate contract until it is needed and withdrawn

There are currently (at press) ca. 22m DAI in various governance contracts that belong to the DAO or are deployed to operating multisigs at various operating entities contracting for the DAO:

Aragon

19.06m

LEGO

0.06m

RCC

0.71m

Other operating wallets

2.12m

Total

21.95m

This proposal is very simple:

- For Aragon balances:
- Aragon vote to move all treasury DAI to the Dai Savings Rate contract, other than the amount needed for the next EasyTrack funding round
- Until EasyTrack infrastructure can support exit

and transfer

in the same step, any future DAI withdrawal Aragon votes will therefore be composed of two calls: * exit

from DSR through an Aragon vote

- transfer

to wallet through regular EasyTrack without an Aragon vote

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- A final LDO vote could leave some amount of DAI as working capital to minimize unnecessary governance interactions
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- A final LDO vote could leave some amount of DAI as working capital to minimize unnecessary governance interactions
- For LEGO, RCC and all other operating wallet balances:
- This proposal provides delegated authority to multi-sig signers to execute deposits and withdrawals from the Pot

on a discretionary basis, with the aim to maximize the amount of Dai exposed to the DSR

- Whenever outbound transfers are required, the necessary Dai will be withdrawn from the Pot

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At the proposed 1% DSR rate, this could represent up to 0.2m in additional revenue for the DAO at low incremental risk, depending on our cash burn rate and the amount locked into the Pot

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Long-term work: Build EasyTrack infrastructure for multi-step function calls

Currently, there is a cap on how much Dai could be exposed to the DSR given the (intentional) limitations of the EasyTrack process.

As part of the broader work to manage Lido DAO resources against the DAO's needs, the on-chain operations workstream will design and plan a new version of the EasyTrack contracts that could facilitate exit

from the Pot

followed by a transfer

call, allowing for 100% of the DAO's DAI balances to sit in the DSR at all times.

Risks

The Pot

contract is an integral part of the MakerDAO system and pays out a savings rate from accumulated stability fees.

The risks involved in depositing DAI into the Pot

are incurred when the overall stability of Dai is compromised, for e.g., if the MakerDAO surplus buffer is emptied, or if Dai were to become collateralized by bad debt. In this instance, whether the Dai is in the Pot

or not, would represent the same amount of counterparty risk, other than needing one more function call to move away from

Dai to any other token through a swap.

- Github
- Etherscan

Implementation

Implementation will be reserved at the discretion of the on-chain operations team provided there is no incremental risk, which may include using the CHAI contract, an ERC-20 implementation:

- Github
- Etherscan