

This proposal was inspired by [\[ARFC\] Private Voting for Aave Governance \[2-month Trial\]](#)

, a collaboration between [\(@LBS Blockchain Society\)](#), Michigan Blockchain [\(@Michigan_Blockchain\)](#), and Flipside Crypto ([@fig](#), [@fig](#)).

Simple Summary:

Facing challenges of early vote influence, potential manipulation by large stakeholders, and voter apathy in the current open voting system, we propose the integration of Shutter Governance's shielded voting mechanism to enhance the privacy, and engagement.

Shielded voting allows voters to maintain vote confidentiality, hide their votes and vote counts during the duration of the voting process and reveal their choices and results after the vote concludes. This encourages unbiased voting and increases community participation.

This proposal seeks to integrate Shutter Governance's shielded voting mechanism into dYdX's governance system for a 2-month trial period.

Motivation:

The dYdX governance process currently utilises a combination of off-chain (DRC) and on-chain (DIP) voting. The initial stage takes place off-chain, using Snapshot for sentiment signalling for future on-chain DIPs and binding votes for variables controlled off-chain.

However, a recurrent observation is that many votes are primarily decided by a small number of participants, with limited divergent viewpoints. This concentration of influence could potentially compromise the goal of achieving a truly decentralised and inclusive decision-making process.

The inspiration for this proposal comes from the successful implementation of Private Voting within the Aave Governance system, as outlined in the [\[ARFC\] Private Voting for Aave Governance \[2-month Trial\]](#) proposal. The adoption of private voting brought notable improvements to Aave's governance, encouraging broader participation and reducing the potential for undue influence by major token holders.

To highlight the potential benefits of adopting Shutter Governance's shielded voting, we turn to two examples put forth by Shutter:

1. "Consider a contentious vote in which a minority is pushing the poll early in one direction. Voters that don't have a strong opinion already formed might see this and think the outcome is already decided. Thus they'll be discouraged from voting and also from researching/forming an opinion. This could then lead to the vote going in favor of the minority due to voter apathy, which would not be a good outcome, given that the goal of the poll is to represent the majority opinion."

With Shutter's shielded voting mechanism, the trend of the vote remains undisclosed until the voting period ends. This feature can motivate users to research, form an opinion, enhancing overall voter turnout and representation.

1. "Consider a whale with malicious intent observing and waiting for a vote to play out. Only to come in at the last minute, borrowing/buying just the right amount of tokens needed to sway the vote. And doing this at a time when there's no more time for the rest of the community to react."

By maintaining vote confidentiality until the end of the voting period, shielded voting can reduce the potential for such manipulative tactics. The whale would not have visibility into the vote's current state, and hence would not know how many votes might be required to influence the outcome.

Shielded voting has four key benefits:

1. Prevents voter intimidation or coercion
2. Reduces Herd Mentality: Promotes independent decision-making and discourages voters from being swayed by the trends or decisions of early voters.
3. Upholds Voter Confidentiality: Safeguards voter privacy by keeping individual voting preferences undisclosed, until the voting period ends.
4. Ensures Voting Process Security: Enhances the overall integrity of the voting process, making it more difficult for malicious actors to interfere or manipulate the outcome.

Please look at some ongoing proposal to see the implementation: [Aave - Snapshot](#)

Also, a demo shows that a minimal change in the Snapshot UI: [Shielded voting is live! — Snapshot Labs](#)

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Risks/Concerns:

A notable comment from Figue, Paladin:

“Hey guys, Figue from Paladin. We’ve been studying private voting quite a lot internally.*

Our current stance on it is it is more dangerous than useful in the sense that it totally cancels out discussions during the vote.

In some very specific cases like elections, this could be relevant, but it also means it won’t be possible to detect collusion until vote is over.

Shielded voting will also prevent to know the stance of actors until the end of the vote unless they have publicly expressed it. This means that all the discussions with VCs who haven’t followed the governance closely are impossible. If this happened, Uniswap wouldn’t have been deployed on Uni v3, since A16Z nuked the vote and no one would have known about it until too late.

Removing the live outcome of the vote kills part of its interest.”

Reference: [Figue’s comment](#)

Specification:

1. Community Discussion: This proposal should be open for discussion among the dYdX community. If the majority of the community members express their favour towards the implementation of shielded voting, the proposal will proceed to the next step.
2. Proposal (DRC) Creation: Anyone holding more than 10,000 dYdX tokens please contact Bristol Blockchain Society to create this proposal on Snapshot. Due to the lack of voting power, Bristol Blockchain Society alone cannot initiate this proposal. We encourage stakeholders to come forward in order to represent the interests of the community.
3. Implementation: If the vote passes with a majority, the next step would be to initiate the process of implementing shielded voting.
4. i. An admin or controller of a space and go to the settings page
5. ii. In the “Voting” section, choose Shutter as a privacy option and click “Save”
6. iii. Once you’ve done this change, all proposals from then on will use shielded voting.

The community may disable this feature anytime.

The current list of Snapshot admins is as follows:

- 0x410210ef65F69E1ac515974604323794FAb6ae1c

References:

[ARFC] Private Voting for Aave Governance [2-month Trial]:

- [Discussion Forum](#)
- [Snapshot](#)

Shutter and Snapshot:

- [Shielded voting is live!](#)

- [Announcing Shutter Governance - Shielded Voting for DAOs](#)
- [Shutter brings shielded voting to Snapshot](#)
- [Example Snapshot](#)

dYdX:

- [DIP Proposal Lifecycle](#)

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