The dYdX Operations subDAO has put together an objective comparison of the two proposals (1) Steakhouse & (2) Karpatkey for the treasury subDAO in collaboration with the two proposers:

Criteria

Steakhouse

Karpatkey

Entity Formation (Cayman Foundation) and covering expenses

Yes. Formation of entity included in fees.

Yes. Formation of entity included in fees.

Community staking program (size)

Yes, up to 50% (50.5M DYDX) for additional income. Exact number TBD, depending on research around a capital allocation framework for dYdX and community feedback. Final details will be published after a comprehensive APY and income review and ratified in the community treasury spending proposal.

Yes (~40M DYDX, that is approx. 50% of vested balance of treasury at the time of proposal). Final details published in the next proposal.

Implementation of staking program

"The question of how to select validators is pivotal. We are not in the habit of exploiting conflicts of interest (of which there are none with dydx and we are not nor will be running validators for dydx) or making black box, backroom decisions. Our team has over two years of experience as the finance workstream for Lido DAO. Our research into validator economics and decentralization gives us a unique background that will help us put together a proposal for dydx to optimize for chain security and a diverse allocation of stake. This experience has allowed us a new perspective on Ethereum monetary policy discussions or explore different ways of measuring validator decentralization. Our approach to a framework for allocating the stake across validators will be to focus on transparent and cooperative processes, in full community view. It is a multi-variate problem with many factors to take into account. The objective should be to seek the maximum amount of security possible subject to constraints around decentralization and performance. How that materializes in practice will be affected by other scoring factors that can help support smaller validators."

"We will design a transparent validator staking program to enable the Community Treasury to contribute to securing the dYdX Chain and increasing the share of stablecoins in the Treasury. A key element of this is staking DYDX tokens through validators. dYdX Chain validators will be delegated approx. 40M DYDX from the Community Treasury and will benefit from their respective validator commission. We will encourage a healthy validators ecosystem while redistributing DYDX tokens. This means, the selection process will be transparent and ultimately incentivise and reward the "good validator" behaviour. Key principles that will guide the selection process will be: - Value positive contributions to the ecosystem - Be transparent on the selection criteria - Consider validator metrics. We expect the staking program to bring a net contribution to the treasury of 4.8M USDC per year, using the current asset-weighted average validator fee on the network of 10% (excluding Santorini as an outlier with a 100% fee) and a price assumption of $0.99, the 30-day moving average price."

Forecasting & Financial Planning

Yes. Target seeding a tactical endowment for 2-3 years of operating expenses.

Aim to secure 18 months of runway for the DAO.

Reporting

Frequent reporting on the dYdX Forum with the aim to help the community establish a framework for overall capital allocation, which can help guide future decisions.

Provide detailed and timely reports on dYdX Treasury's asset allocation and performance, including relevant expense forecasts. Develop Cosmos-specific reporting. Example of karpatkey's monthly reports: https://reports.karpatkey.com/

Cost

$62.5K in DYDX per month, $750K annualized (calculated as the 30-day TWAP as of the final day of the month) of funding from the dYdX Chain community treasury.

Karpatkey will request a 5% fee (currently, this equates to approx. $250k) on the net (after validator fees) staking yield payable in USDC with a lower bound of $300k per year and an upper bound of $1M per year. Therefore, currently karpatkey will request $300k per year. And, this will remain at the minimum until additional growth for the dYdX ecosystem is achieved.

Work Experience

[Maker Dune](#), [Maker Reporting](#), [ENS endowment](#), [Arbitrum's RWA portfolio](#), [Maker Private Risk assessment for Private Credit](#), [Lido](#), co-authored "[Benchmark and Performance Attribution for DAOs](#)"

[GnosisDAO](#), [Balancer](#), [ENS](#), [CoW Protocol](#), [Aave](#), [SAFE](#), [Arbitrum](#), [Uniswap](#), and [Lido](#).

Yield Generation Activities on Treasury Assets

Yes. - Due diligence opportunities - Provide allocation options and recommendations to the community - Develop transparent treasury reporting to provide visibility to performance - Monitor allocations and partner with the community to make adjustments as needed

Included as a possible extension of the current proposal. See below.

What is/is not included in the proposal

At the outset, our proposal aims to provide strategic guidance and implement decisions on two key questions, while remaining flexible to engage in other relevant areas at no extra cost to the DAO: - Create a smaller, tactical endowment to cover 2-3 years of operating expenses. We will explore how dYdX can set aside a portion of its funds to ensure financial stability for the next few years. This would provide a buffer that allows the protocol to operate smoothly, regardless of market conditions. - How should dYdX structure its tokenomics to drive growth? We will offer recommendations on how to align dYdX's token distribution and incentives to attract more users, enhance engagement, and support long-term growth.

Two potential scope extensions include periodically using USDC to execute DYDX token buybacks and staking, and deploying USDC across DeFi protocols to generate additional yield for the treasury (allocated to DeFi strategies on Ethereum mainnet (e.g. lending stablecoins in AAVE, or USDC liquidity provision in Balancer). Protocols in the dYdX Chain or Cosmos ecosystem will also be considered as they become available.).

Termination

dYdX DAO may terminate the engagement under this agreement for any reason by its Governance Mechanism.

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Links

[Steakhouse Proposal](#), [Proposal Discussion](#)

[Karpatkey Proposal](#)