

Warning: There will be some critical words in this post. If some of them make you feel insulted or maligned, please press the 'x' button asap. The word 'stupid' includes all \$LDO holders till now, including me.

After leaving the forum for about one year, I came back to find out whether there are some changes happening, or may I do something for the so-called 'community'.

Merely nothing changed, still merely nothing I can do.

Yes, [Easy Track](#) was established. Who is voting other than the team?

Yes, [Community Grant](#) was established. Who has ever participated since it was established in Jan. of 2022? Which one has passed without the support from the team?

Yes, we are in [the process of decentralisation](#), since Apr. 29th 2022.

A report from [BlockScience](#) triggered my emotions. How long is the way we must walk, before we come out of the dark?

Let's go back to the original sin, the [tokenomics](#)!

LDO Token Allocation

Upon the launch of the Lido DAO, 1 billion LDO tokens were minted.

At time of writing, founding members of the Lido DAO possess 64% of LDO tokens. These are locked for 1 year, after which they will be vested over 1 year. At the time of writing, the only unlocked LDO in existence are 0.4% airdrop distributed to early stakers and DAO treasury tokens. Anyone can make a proposal on how they can be used via [research.lido.fi](#).

The allocation of these tokens is as follows:

- DAO treasury - 36.32%
- Investors - 22.18%
- Validators and signature holders - 6.5%
- Initial Lido developers - 20%
- Founders and future employees - 15%

64% of the total supply vested over 1 year! Are you kidding me?

Does that sound like a long-term solidity view on this project?

[EDITED PARAGRAPH]

As [@LIDO](#) mentioned in this [post](#), Wormhole Deployer, seemingly one of the 'Initial Lido developers' who owned 2% of the total supply, dumped almost all his/her unlocked \$LDO and ran away. Yes, he/she has the right to do so. But why did the vesting mechanism be designed in that way? Maybe the founders and investors also didn't foresee Lido could be 'so successful' and preferred to lower the risk of long-term vesting. Don't think Wormhole Deployer is evil, the rule is

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What are the use cases for LDO?

The LDO token is the governance token for Lido DAO. It is used to vote on protocol parameters and govern the constantly growing Lido DAO treasury.

The LDO token is the governance token with no real value for 99% of the token holders, since the top 100 holders hold more than 95% of the total supply

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[EDITED PARAGRAPH]

Token distribution concentration is not the only issue that attacked me.

Lido has set forth a roadmap to ["trustless staking on Ethereum"](#) that emphasizes [governance minimization

](<https://www.paradigm.xyz/2020/10/870>) via smart contract custodianship and automation of node operator participation.

As mentioned in the [report](#), we are walking toward the so-called '[Governance Minimization](#)'.

Governance minimization means reducing the power and reliance on governance wherever possible.

So, logically, we are going to reduce the power of \$LDO on governance, which is the only power that it has.

Here is another quote from the report.

The dominant validator on a PoS network is likely to become very valuable, and as a result, governance over that validator will become valuable.

ARE YOU KIDDING ME

!

Don't you know that we have [already been targeted](#) because of the value you mentioned!

Then a question came out of my mind: why so many stupid guys, including me, holding these 'valuable with valueless

' (don't ask me what this means, WTF could I know.) token in my wallet?

The answer is: the expectation of that one day it will bring me value

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[EDITED PARAGRAPH]

After a year and a half waiting, nothing good related to the 99% of \$LDO holders has happened. The amount of ETH staked with Lido passed 30% total market share and triggered a topic of [whether Lido should have a self-boycut](#). But, can you believe that such a 'successful' project's token (aka. share) price has just hit its initial price a year and a half ago.

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image

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](<https://europe1.discourse-cdn.com/business20/uploads/lido/original/2X/7/7fd785a40796f2d98734e386680bff5b5ef08532.png>)

Someone may say: Price is just not what we care about. Our goal is just to build a public good.

Yes, the price is not everything and it should not be a goal. But do you really think that price can't represent anything that matters?

Without a much stable price (or market expectation), how can you calculate how much our incentive budget should be which is mostly paid by \$LDO? If the price of \$LDO stands at about 2X of the current position, doesn't that mean we may pay less \$LDO to reach the same goal and make the DAO treasury stronger to support the long-term goal?

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Here is a chart of monthly \$LDO paid by the treasury (excluded the airdrop and strategic token sale).

<https://dune.com/queries/888629>

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image

2956×790 204 KB

](<https://europe1.discourse-cdn.com/business20/uploads/lido/original/2X/c/c1a927bc86ccbb64b1a1be888257e6a698ca58af.png>)

Compared with the two charts above, we can see that our incentive budget is quite volatility based on USD value. The main steth-eth pool's (on Ethereum, Curve pool) decreasing on stable trends, but with the high price volatility, it makes the incentive power unstable and may treat the peg.

Ok, till now, I found out that the reasonable explanation of the power of \$LDO is to manage the DAO treasury. Let's look over how it was managed. Let's follow the money.

Currently (June 8th 2022), 96,329,052.7 \$LDO was paid by the treasury. Here is the receivers list:

[\\$LDO paid by DAO treasury](#)

receiver

ldo_ammount

remarks

0x753d5167c31fbeb5b49624314d74a957eb271709

63500000

Curve Liquidity Farming Manager Contract

0x87d93d9b2c672bf9c9642d853a8682546a5012b5

9722142.857142856

Cross-chain Fund Manager

0x48f300bd3c52c7da6aabde4b683deb27d38b9abb

9713184.0692

Incentive Managment Fund besides Curve

0xf29ff96aaea6c9a1fba851f74737f3c069d4f1a9

2000000

Vesting contract, looks like the LEGO FUND, not quite sure.

0xaf8ae6955d07776ab690e565ba6fbc79b8de3a5d

1941631.7019

DeversiFi

0x1dd909cddf3dbe61ac08112dc0fdf2ab949f79d8

1600000

Balancer LP rewards Manager Contract

0xae49a2c1e2cd3d8f2679a4a49db58983b8de343e

950000

Cross-chain Fund Manager

0x1220cccdc9bba5cf626a84586c74d6f940932342

900000

Balancer LP Rewards Manager V2

0x12a43b049a7d330cb8aeab5113032d18ae9a9030

818405.8720442

Seems to be the grants fund manager, not quite sure.

0xe5576eb1dd4aa524d67cf9a32c8742540252b6f4

800000

SushiSwap LP rewards Manager Contract

0xf73a1260d222f447210581ddf212d915c09a3249

650000

Aragon Token Manager

0xf5436129cf9d8fa2a1cb6e591347155276550635

650000

1inch LP Rewards Manager

0x558247e365be655f9144e1a0140d793984372ef3

555375.7384

Looks like an individual wallet, not quite sure.

0x520cf70a2d0b3dfb7386a2bc9f800321f62a5c3a

500000

Gnosis Safe Multisig, related to DeversiFi

0x86f6c353a0965eb069cd7f4f91c1afef8c725551

350000

Balancer pool bribes

0x3a043ce95876683768d3d3fb80057be2ee3f2814

350000

Gnosis Safe Multisig

0x351806b55e93a8bcb47be3acaf71584dedeab324

289066.76

Individual wallet, related to DeversiFi

0xdb46c277da1599390eab394327602889e9546296

250000

1inch Liquidity Farming

0x6140182b2536ae7b6cfcfb2d2bab0f6fe0d7b58e

100000

ARCx Manager Contract

0x53773e034d9784153471813dacaff53dbbb78e8c

90200.82693

Ribbon Finance: stETH Covered Call Vault

0x2ca788280fb10384946d3ecc838d94deca505cf4

50000

Individual wallet, looks like for collaborations with 1inch, about 30K \$LDO sent to Moonswap LP pool, the others sent back to the treasury.

0x82af9d2ea81810582657f6dc04b1d7d0d573f616

28436.99

Gnosis Safe Multisig, related to 0xneptune.eth

0xc62188bdb24d2685aed8fa491e33efba47db63c2

16640

Gnosis Safe Multisig

0xb35096b074fdb9bbac63e3adae0bbde512b2e6b6

16640

Gnosis Safe Multisig

The fact is that the so-called 'community' is deeply divided. Some people care about how to [support the operation expenses paid through the bear market](#). Merely no one cares about how the [tiny LDO holders' interests could be protected though the bear market](#).

Someone may ask: Do you have a better framework on how the tokenomics of LDO could evolve?

The answer is: No!

I don't think I am more knowledgeable and respectable than [@Hasu](#). If even he can't give a better frame, I don't think I can do so. (I may have missed some posts related to these topics. If so, kindly let me know.)

Do I have some pieces of mind on this situation? Yes, I have.

- Reference to the veCRV model. Transfer the governance power to the locked up LDO token(eg. \$veLDO) holders.
- Establish delegation mechanism in the governance framework and enable tiny \$veLDO holders to participate in the governance via delegators.
- Incentive LDO token more broadly distributed by paying dividends(X% of the protocol fees) to the \$veLDO holders.

Kindly wake me up before I sleepwalking and fall abyss.