

TLDR

: WIP to initiate a memecoin fund, separate from the Arbitrum DAO, that selects, puts skin in the game, helps memecoin projects grow, and cultivates a memecoin-friendly culture in Arbitrum.

I made this in about 1 hour. Feel free to pick any holes you see. If you think it's stupid, feel free to say so and why.

Abstract

It is undeniable at this point that memecoins bring new liquidity, users, and attention to the respective blockchain. This in turn stress-tests dApps, the chain itself, and most importantly, brings new users and attention to real utility projects.

Everyday, we see headlines of how Solana memecoins go from 0-100M+ FDVs in a matter of days. This A) brings retail in and B) provides downstream effects to Solana DeFi protocols, utility projects and more.

There is no reason Arbitrum DAO shouldn't at least try

to spur a memecoin initiative. While one may think Arbitrum is "forcing" memecoins, understand that every other blockchain is now doing it too. Avax announced a memecoin fund which got some pushback at the start, but it's undeniable that the fund has spurred more memecoins, more eyes, and more attention to Avax.

While DeFi protocols and real utility projects are important to a chain, without new users and retail-friendly attention, growth stagnates and as the saying goes, builders go where the users are.

Motivation

While one can argue on how successful \$ARB grants have been to the protocols on Arbitrum, it's hard to argue that Solana and more recently, BASE, have taken all the attention.

Arbitrum has the highest TVL among all L2s with some of (if not the best) U/X. But, DAUs are stagnating and protocols are having a hard time attracting new users.

We see [prominent VCs](#), and even successful DAOs and NFT projects investing in memecoins.

Memecoins have been tried on Arbitrum since inception, but the defining "DeFi-chain" narrative is hard-engrained, and will take drastic measures to not erase, but include other categories.

In short, the motivation of the memecoin fund is to help the Arbitrum ecosystem as a whole. Draw attention, new users, more chain usage, more DeFi activity, and more.

Rationale

1. Ethereum-aligned: More usage and attention towards Arbitrum and Ethereum. Further adoption of Arbitrum.
2. Sustainable: The primary focus of the memecoin fund will be to create and support a memecoin/left-curve ecosystem within Arbitrum. The long-term mission should be to disassociate the narrative that Arbitrum is a DeFi-only chain.
3. Secure: All memecoin fund contributors are thoroughly vetted and made sure to be Arbitrum-aligned. All funds are stored in a multi-sig and transparent reports are released in a timely manner.
4. Neutral and open: Memecoin fund contributors are not allowed to invest in projects the fund enters in. The fund must review every memecoin that passes the initial criteria and standard.

Specifications

Memecoin Fund Structure (WIP - needs more thought)

1. Five board members that are not

part of the memecoin fund day-to-day activities and decisions. These are trusted builders in the Arbitrum community and ecosystem.

1. Three collaborators who run the memecoin fund
2. 5/9 multi-sig
3. Collaborators and board members are NOT

allowed to invest in tokens funded. If this is detected, the respective person(s) are automatically removed from the fund without delay.

- Collaborators must prove alignment to Arbitrum since the early days

Criteria for initial review

(Passing this criteria does not

guarantee investment or help from the fund) (WIP - needs more thought)

A lot of this was taken from the [AVAX fund's criteria](#).

1. Fairly launched
2. Ownership of the community token contract was renounced.
3. Initial liquidity burned or adequately locked.
4. Initial whale protection measures, such as a purchase limit per address, were employed.
5. No allocation reserved for the team.
6. No taxes at any time of the token's existence.
7. Secure
8. Contracts must be verified.
9. Audits, whether by professionals, the community itself, or through the use of time-tested and widely accepted contracts, ought to have been performed by the team.
10. The contract creator's address should have gone through community due diligence.
11. Automated tools such as DexScreener should be employed, and need to report no issues.
12. High holder count
13. At least 1,500 holders.
14. Low concentration
15. Whales should not hold a high percentage of the supply.
16. Liquidity Provisioning
17. Liquidity needs to either be burned (preferred) or locked for at least 6+ months at the time of the funds review.
18. Liquidity
19. At least \$200K+ USD in liquidity.
20. Lifespan
21. The token should be in existence for at least 30 days.
22. Market cap
23. The market capitalization should be at a minimum \$1M+ USD.
24. Daily Trading Volume
25. Trading volume should be > \$100K USD for at least one week prior to the funds review.

Supporting a token through the fund

(WIP - needs more thought)

Once collaborators have aligned on tokens to support, they are presented once a week to the board for review. If an investment is agreed upon:

- Fund invests and TWAPs between \$50K - 150K USD
- Fund optionally adds \$50K-150K USD in liquidity

The fund must also offer a dedicated graphic designer/video renderer to the project.

The fund is not allowed to day-trade. Once an investment decision is agreed upon, the investment must be held for three months. At the end of the three month mark, collaborators can deliberate on A) unwinding assets or B) continuing for

another three months.

The fund cannot announce an investment until a TWAP ends. The fund must announce the investment after the TWAP ends.

Steps to Implement

(WIP - needs more thought)

1. Elect board
2. Elect collaborators
3. Fund msg
4. Find 10 graphic designers/video renderers ready to assist
5. Start investing

Timeline

(WIP - needs more thought)

As soon as possible.

Propagation of the fund should be for at least 6 months. Afterwards, the Arbitrum DAO can vote to increase funding or terminate the memecoin fund in its entirety. Any unwinded assets are converted to \$ARB and sent back to the Arbitrum DAO if the fund is dissolved.

The 6 month period should be a relatively low-risk way to test the appetite and early success of the fund.

Overall Cost

1. \$1.5k USD/month worth of \$ARB for each board member
2. \$5k USD/month worth of \$ARB for each collaborator
3. \$3k USD/month worth of \$ARB for each graphic designer (if they are actively working on projects)
4. \$3,000,000 USD worth of \$ARB to kickstart the fund (initial 6 month allocation)

Total cost

: \$3,315,000 USD worth of \$ARB

EDIT

: To be considered, additional funding (\$1-2M worth of \$ARB) - reserved as grants to Arbitrum DeFi protocols incorporating funded memecoins into their product offerings. This bridges the memecoin <> DeFi landscape.