Chain Delegation Program

OP Chains play an incredibly important role in the Superchain future. Welcoming Base to the Collective was an exciting first step. The next step in building the Superchain future is ensuring a broad range of OP Chains are represented in the Token House. For more information on why protocols and OP Chains play an important role in the decision making of the Token House, please see the Future of Optimism Governance.

OP Chains have also expressed early interest in participating in Optimism governance. This proposal enables participation via a transparent mechanism with clear criteria and participation requirements. If approved, it would allow OP Chains to actively participate in Optimism's governance in Seasons 5 and 6.

In addition to diversifying the Chain interests that are represented, the program would also increase votable supply by 10M OP over time. Please keep in mind that as the <u>Protocol Delegation Program</u> concludes, ~5M OP will be returned to the Governance Fund, so the initiation of this program would increase votable supply by 5M (7%) on a net basis from current levels. Increasing the votable supply is important to further increasing the resilience of the overall governance system.

Please note: The Foundation will not facilitate OP Chain membership in the Citizens' House. Badgeholders represent individual members of the Optimism Collective; they should not represent a project or company in their capacity as badgeholders. Furthermore, in the near future, the criteria required to become a Citizen will be determined by Citizens' and approved via governance.

The Chain Delegation Program would temporarily delegate a portion of idle OP from the Governance Fund to value-aligned OP Chains based on the criteria outlined below. This is an experimental program, which takes inspiration from the <u>Protocol Delegation Program</u>. Delegations would be made throughout Season 5 and 6, as additional Chains qualify. Any continuation of the program beyond Season 6 would need to be proposed by Governance.

If this proposal is approved by the Token House:

A total of 10M OP would be reserved for delegation across as many as 10 OP Chains, using idle tokens in the Governance Fund. Delegations will be made throughout Season 5 and 6, as additional Chains qualify.

OP Chain Qualification Criteria

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- OP Chains are defined as Layer 2 blockchains that:
- Run the governance-approved release of the OP Stack
- Have been approved via Token House governance to join the Superchain, which requires a commitment to:
- · Uphold the Law of Chains
- · Upgrades based on decisions by Optimism's governance
- Contribution of sequencer revenue back to the Collective

*More details on the process for governance to approve OP Chains, and/or their sequencers, will be provided before the start of Season 5

- · Run the governance-approved release of the OP Stack
- Have been approved via Token House governance to join the Superchain, which requires a commitment to:
- · Uphold the Law of Chains
- Upgrades based on decisions by Optimism's governance
- Contribution of sequencer revenue back to the Collective
- The first 10 OP Chains (as defined above) to exceed 10 ETH in revenue contributed to the Collective in each of the previous 2 months are eligible for this program
- · OP Mainnet will not be eligible for this program

Delegation

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• Each OP Chain will receive a flat baseline delegation amount of 1M OP

- Only OP Chains that maintain a >70% voting participation rate during the previous Season, or from the time of their first vote, will be eligible for renewal for a subsequent Season of delegation
- All OP Chain delegations will be capped at the point at which an OP Chain reaches a total delegation equal to 9% of the votable supply. If a protocol already has a delegation of 9% of the votable supply or greater at the time delegations are made, they will not be delegated additional OP through this program. If delegation through the program would push a protocol's total delegation over 9% of the votable supply at the time delegations are made, they will only be delegated OP up to the amount at which they reach a total delegation of 9% of the votable supply.

Accountability:

All OP Chains must opt-in to participating in the program by registering as a delegate and agreeing to abide by the
<u>Code of Conduct</u>. Any OP Chain delegate representative that the Token House finds to be in severe violation of the
Code of Conduct will have their Chain Delegation Program delegations removed for the remainder of the program.

What Does this Mean for Delegates?

The Chain Delegation Program will go to a vote in Special Voting Cycle #16b