Hey everyone, Figue from Paladin

We're excited to share what we've been working on and how it can contribute to your governance. At its heart the Paladin protocol aims to enhance governance interactions with voting markets, coordination mechanisms and more.

While the topic of vote lending and liquid influence is controversial, we believe that built correctly and in tandem with the community, the right guardrails can be defined to ensure healthier governance. In this discussion we want to elaborate on why we took the approach we did, how it can help persistent shortcomings in governance and how you can contribute to it all.

Let's be clear, vote borrowing is nothing new, today's lending protocols already enable it. Anyone with enough capital can collateralize assets and borrow governance tokens. But this only enables whales and is very rough around the edges.

Paladin Lending aims to fill the gap by providing a dedicated lending protocol to manage influence in governance. We want to create a win-win solution between investors and activists for more effective coordination : creating utility for passive non-voters and granting new tools for activists.

If you're interested in learning more about the Paladin vision and architecture check out our articles: Manifesto for a new wave of corporate activism, Paladin, the governance lending platform, Voting Markets: Why now.

TLDR : Why a voting market :

DAOs are rooted in a vision of openness and low barriers so all kinds of individuals can work together in full transparency. This protocol has thousands of different tokenholders yet when you look at the voting record it's heavily skewed toward a few participants. This is for a lot of reasons: protocols are st:ill distributing ownership, high gas fees, information overload, passive investors, etc. A class of delegates is emerging but it's still questionable how effective this will be. Overall the result is a lot of idle governance power and centralization risk.

Our bet is that voting markets can make this influence liquid and separate passive investors from players who are really interested in participating.

Evolving together :

During our stealth development we've connected with a lot of delegates, active voters and core teams to tailor the protocol to their needs. Feedback is a crucial part of our process and we'll continue to work closely with communities integrated into Paladin. That way lending markets can better reflect each culture.

In its current design, staking pools can be customized in terms of access (whitelisting delegates, need for minimum "skin in the game"…) or through its interest model.

NB : the current pricing models are a bonding curve with Utilization Rate of the pool and Quorum / Proposal threshold as parameters. In the current design, the loan cost discourages huge borrows for long periods and reduces potential GEV on large loans.

Paladin will be live on main net by end of September and we wanted to use this post as a greeting and an invitation to collaborate. By creating a community designed pool, the Aave community can enable liquid governance on its terms.

There will be an upcoming community call the 13th of September at 18:00 CET in our Discord, to clarify everything that needs more explanation. If you can join us we'd love to hear from you. If not, feel free to share your thoughts in this discussion and we'll answer any questions.