Wintermute DeFi Governance Digest January 2024 | Week 2

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This week's proposals include Radiant Protocol's flash loan exploit resolution, Compound V3 launching on Scroll Mainnet, and CoW Protocol renewing their grants program; along with votes from Starknet to deploy their Alpha v0.13.0 upgrade to Mainnet, and Radiaint Protocol voting on which assets to use to cover their bad debt.

Proposals

Radiant Protocol (RDNT)

Proposal:

[RFP-27: Strategic Plan for Addressing January 2nd Exploit — Recapitalization & Debt Resolution Options](#)

Author:

Radiant Capital

Summary:

This proposal provides the DAO with 3 options to repay excess debt following the January 2nd flash loan exploit.

Key Points:

- On January 2nd 2024, Radiant Protocol suffered a flash loan exploit shortly after launching the native USDC market on Arbitrum, causing 1,902.6 WETH (~$4.2M) in bad debt.

- In response, the Radiant DAO Council invoked emergency admin controls, pausing all markets on Arbitrum to mitigate further damage.

- The protocol now remains in a state that requires it to be recapitalized to guarantee unrestricted access to deposits for all users.

- Currently, the Radiant DAO has [~$5.2M](#) in Treasury assets at its disposal and 3 options are presented to the community to resolve the protocol's excess debt:

Option 1 — Repay bad debt with liquid DAO funds & OpEx funds

Option 2 — Same as Option 1 with DAO reimbursements through the sale of RDNT token sales over one year

Option 3 — Abstain & return to the drawing board

- Option 1 will utilise $2M of the DAO's stables to buy ETH and cover 46% of the protocol's bad debt. Then over the next 3 months, 80% of monthly OpEx (~200 ETH per month) will be allocated towards paying off the bad debt.

- Option 2 will look to sell ~$360k of RDNT per month over 12 months to cover the full amount of the bad debt. This will allow the DAO to maintain its current stablecoin balance which is used to pay for OpEx.

Our Take:

Both options sound reasonable, however, Option 2 likely leaves the DAO in a more favourable long-term position as they're able to retain a large amount of stablecoins. It's important to note that both options expose the DAO to the price volatility of ETH over time.

Compound (COMP)

Proposal:

[Deploy Compound III on Scroll](#)

Author:

Scroll_zkEVM

Summary:

This proposal requests to deploy Compound V3 on Scroll Mainnet. It's expected that the initial deployment will consist of USDC as the borrowable asset with WETH, WBTC, and wstETH as collateral options.

Key Points:

- Scroll is an EVM-equivalent ZK-rollup built upon Ethereum. Since its Mainnet launch on October 17th, 2023, Scroll's TVL sits at ~$55M ($24M DeFi TVL), 10M+ transactions, and 2.5M+ unique wallet addresses.

- This proposal requests to deploy Compound V3 on Scroll as a Minimal Viable Product with one market.

- USDC will be the only borrowable asset, while WETH, WBTC, and wstETH will be enabled as collateral options.

- The MVP of Compound V3 on Scroll will act as the beginning of a long-term relationship between both communities and it's expected that over time the number of collateral assets, liquidity, and incentives will grow.

Our Take:

This is a great opportunity for both communities to develop their respective ecosystems. We look forward to watching Compound's MVP launch on Scroll.

CoW Protocol (COW)

Proposal:

[Renewing the CoW Grants Program](#)

Author:

middleway.eth

Summary:

This proposal requests to further extend the CoW Grants Program for another 12 months.

Key Points:

- The CoW Grants Program has been actively supporting the growth of the CoW Protocol since Jan '23.

- As a result of the program, we saw the creation of:

- Safe Composable Conditional Orders — allowing developers to create their own custom orders with unique conditions.

- Dump.services — The ability to sell multiple assets in one transaction.

- Balancer and CoW Swap Integration bounty — allowing cheaper fees on Balancer for CoW Swap orders

- Core Contributors — Three full-time core contributors are funded by the CoW Grants Program

- Volume rewards program — providing incentives to integrators who drive volume to CoW Swap

- Currently, the CoW Grants Committee consists of seven members (3 from the core team and four from the community) structured as a 5/7 Gnosis Safe for approving grants.

- The renewal of the grants program requests to add a quarterly COW compensation cap of $1k + 150 xDAI for Grant Committee Members; 700k xDAI and 1M COW in funding plus an additional 3M COW allocation for the Volume Program for the next 12 months; and lastly, the addition of an 8th Grant Committee Member.

Our Take:

The CoW Grants Program continues to add great value to the CoW Protocol and Community. We look forward to seeing what 2024 brings for the Grants Program.

Votes

Radiant Protocol (RDNT)

Proposal:

[RFP-27: Strategic Plan for Addressing January 2nd Exploit — Recapitalization & Debt Resolution Options](#)

Status:

Live.

Created:

Jan 5, 2024.

Ends:

Jan 8, 2024.

Leading Consensus:

Use existing DAO assets — 12M RDNT (73.01% of total votes).

Summary:

This proposal requests to establish a path forward towards repaying ~4.2M in bad debt incurred from a flash loan exploit on January 2nd. 3 Options were presented with the option to use DAO assets to repay excess debt being the most favourable.

Starknet (STRK)

Proposal:

[Starknet Alpha v0.13.0](#)

Status:

Live.

Created:

Jan 4, 2024.

Ends:

Jan 8, 2024.

Leading Consensus:

For — 1.6B STRK (99.86% of total votes).

Summary:

This proposal requests to approve the Starknet Alpha v0.13.0 for Mainnet deployment. The new deployment lays the groundwork for a new transaction version, significantly reducing transaction fees.