

# Status

Draft

## Proposal

Proposal to reduce the

Goal Bonded

ratio to 45%.

At genesis, the Goal Bonded

ratio was set at 66.7%. However, with the current inflation dynamics and due to onchain modules' (community pool and incentive streamer) inability to delegate DYM tokens to validators, the actual amount of tokens bonded can only reach a maximum of 62% of the genesis total supply

(i.e. 38% of the genesis supply is held by the onchain modules).

Consequently, we believe the current state of DYM issuance and rewards is not manifesting the vision and mechanics it set to achieve. We propose to adjust the Goal Bonded

ratio downwards to a 45% ratio ( $66.7\% \times 62\%$  rounded up to account for new issuance and incentive releases). We expect the reduction to better reflect the idea behind the dynamic issuance mechanism and protect DYM from excessive and unnecessary inflation.

## Context

As of this draft proposal's publication, the current bonded ratio is approximately 55%, including vested tokens (which are non-transferrable) being staked with validators. The inability of onchain modules to engage in staking results in their gradual dilution over time, as new block rewards are allocated to delegators and their validators.

Given that a maximum of 62% of tokens (excluding new issuances) can be staked and with the current Goal Bonded

ratio at 66.7%, the inflation rate incrementally climbed to the maximum of 10%. However, this figure does not fully capture the economic situation of the blockchain, as a significant portion of available tokens is staked (55% staked in comparison to the 62% available for staking).

Given that 55% (at the time of writing) of the total supply is already staked and with the proposed Goal Bonded

ratio at 45%, the adjustment proposed is expected to lead to a ~22% decrease in the current inflation rate over the following year.

TL;DR: More people staking DYM means less inflation. The formula for adjusting inflation considers how far we are from the target staking goal and decreases/increases inflation accordingly. We propose to lower that goal to fit the real available supply for staking and to reduce excessive and unnecessary inflation.

## Prediction

It is important to note that the exact outcome is unforeseeable by design

, enabling market forces a constant "say" in the actual dilution and issuance.

Assuming this proposal is approved

, the following is a reasonable estimated

behavior of the supply for the next 4 years.

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## References

- Initial supply parameters:

[DYM Supply | Dymension Docs](#)

- [Dymension Portal App](#)
- [Mintscan](#)

## Governance votes

The voting period for this proposal as set on genesis is 5 days beginning from the time of deposit. The following items summarize the voting options and what it means for this proposal:

- YES
- NO
- NO WITH VETO
- A 'NoWithVeto' vote indicates a proposal either (1) is deemed to be spam, i.e., irrelevant to Dymension, (2) disproportionately infringes on minority interests, or (3) violates or encourages violation of the rules of engagement as currently set out by Dymension governance. If the number of 'NoWithVeto' votes is greater than a third of total votes, the proposal is rejected and the deposits are burned.
- ABSTAIN
- You wish to contribute to quorum but you formally decline to vote either for or against the proposal.