

Summary

Currently most on-chain proposals need to go the short timelock executor, requiring 0.5% (5m DYDX) proposal power. Changes such as this to governance consensus require 2% (20m DYDX) proposal power.

This proposal suggests reducing these to 0.1% (1m DYDX) for the short timelock executor and 0.5% (5m DYDX) for the long timelock executor. Additionally reduce the long timelock quorum and minimum yes votes from 2% (20m DYDX) to 1% (10m DYDX).

Starkware and merkle proposer thresholds as well as snapshot proposal thresholds stay the same.

Abstract

This proposal is intended to empower community development.

To create an on chain proposal for DYDX currently requires 5m DYDX in proposal power for most changes and 20m DYDX for changes affecting governance consensus such as this one. These requirements are far more onerous than needed to repel governance attacks and spam. They block community contribution and progress while creating the potential for governance censorship.

Reducing these thresholds will allow more delegates and large holders to sponsor proposals. This is important in creating a decentralised DAO and empowering delegates. Contributors will have more options to sponsor their proposals allowing those taking initiative to create an impact.

Context

DYDX governance consists of two phases, a snapshot vote for signalling general consensus (or where no changes to the protocol or treasury are required) and an on-chain vote with appropriate payload to execute.

The DYDX on-chain governance contracts are based on Aave's. At a high level this separates proposals into those affecting governance consensus, the most critical and sensitive, that go through the long-timelock executor and proposals making other changes to the protocol that go through the short timelock.

[

DYDX Governance

935×483 182 KB

](https://europe1.discourse-cdn.com/standard21/uploads/dydx/original/1X/78d20d90419b0ec5dc66ec2214773110ea67bf8a.jpeg)

The short timelock executor controls the following:

- Incentive contracts including the Liquidity Module, Safety Module, and Merkle Distributor Module
- funds in the Rewards and Community Treasuries
- minting new tokens
- all proxy contracts except the safety module
- guardian roles on stark proxy contracts

The long timelock is designed to have stricter a proposal threshold and a longer voting duration because of its importance.

[

image

4068×2940 444 KB

](https://europe1.discourse-cdn.com/standard21/uploads/dydx/original/1X/45eaa54f02fbef2aa46afaa3ea076e385ac352b2.png)

Aave has [recently also voted to reduce the requirements](#) on its version of the long timelock contract. We believe, given the significantly smaller circulating supply percent of DYDX that the short timelock also needs less strict proposal thresholds to allow the DAO to develop.

Motivation

Over the 22 epochs of the DYDX DAO there have been 11 successful on-chain proposals and 1 unsuccessful. Over the past 12 months only two entities have proposed on-chain DIP's. For a truly decentralised DAO we need more diversity in those able to participate by sponsoring DIPs.

In preparation for v4 the DYDX DAO will need subgroups to be ready to take over certain functions currently handled by dYdX Trading Inc. This will require short timelock proposals to access funds in the community treasury and 5m in proposal power. I believe there should be a wider range of potential proposers to reduce frictions in this process during this crucial period for the DAO. More proposers also means more action and more impact.

Specification

This proposal is focused on enabling a broader number of community members to sponsor on-chain proposals affecting tokenomics and use of tokens. The adjustments to the long timelock are included to make future proposals of this nature possible without needing help from the small number of organisations with 20m+ DYDX.

- Reduce short timelock executor

proposal threshold from 0.5% of total supply to 0.1%. No change in Minimum threshold and vote differential.

- Reduce long timelock executor

proposal threshold to 0.5% of total supply. Reduce Minimum threshold and vote differential to 5%.

Next Steps

Should this proposal receive general consensus support the idea is to create a snapshot to go live on Monday 29 May 2023.

Links

<https://docs.dydx.community/dydx-governance/voting-and-governance/governance-guide>

<https://docs.dydx.community/dydx-governance/voting-and-governance/governance-process>

<https://governance.aave.com/t/rfc-aave-governance-adjust-level-2-requirements-long-executor/8693>