PROPOSAL

This proposal seeks to inform Lido DAO and the broader Lido community of the details of the Lido Labs BORG Foundation's proposed formation and operation, and to obtain Lido DAO's support for the structure through an approval of the proposal via Snapshot voting. If the proposal is approved, the Lido Labs BORG Foundation will be established as described herein.

This proposal solely concerns the formation and initial operational set up of the Lido Labs BORG Foundation.

Described further below are:

- Summary - Key Points of the Proposal

- Motivation - Details of the Proposal

- Implementation - How the Proposal will be Implemented

- Voting & Discussion - Invite to the Lido Community for Discussion and Voting

SUMMARY - KEY POINTS

- Following the approval of the Lido Alliance BORG Foundation the creation of a new Lido-DAO-adjacent organization ("BORG") is proposed to serve Lido DAO and the broader Lido community – the Lido Labs BORG Foundation.

- The Lido Labs BORG Foundation will support the general goals set forth by the Lido DAO through its deliberative process. In particular, it will help facilitate GOOSE/ReGOOSE/GOOSE-2 goals of Product line for the staking ecosystem (stETH token), Market for validators (NO Set) and LDO alignment (Governance).

- The Lido Labs BORG Foundation is limited to engage only in the activities identified in the Purposes (described below in the Motivation section).

- Similar to the Lido Alliance BORG proposal that was previously approved the Lido Labs BORG Foundation will be a BORG established as an exempted limited guarantee foundation company in the Cayman Islands without members or beneficiaries. The foundation structure of the Lido Labs BORG Foundation allows for Lido DAO to have a more active role in its governance and minimizes reliance on traditional decision-making processes and rules.

- This proposal solely concerns the formation and operation of the Lido Labs BORG Foundation. No budget and funding requests are made in this proposal, the BORG will submit a new EGG budget proposal for its proposed scope of work at a later date in a separate proposal.

Important Benefits of Lido Labs BORG Foundation

Assists with Decentralized Administration

The formation of the Lido Labs BORG Foundation assists Lido DAO with having infrastructure within a new entity that is bound by and restricted to the Purposes, with a public organization structure monitored by Lido DAO.

Additional Accountability and Transparency

This framework presents a better accountability and transparency mechanism than the current Lido DAO adjacent entities by allowing Lido DAO to directly appoint/remove directors in addition to an individual or entity to serve as the Emergency Supervisor if an "Adverse Event" occurs (as defined in the Bylaws). Accountability of "unwrapped" multisigs' members is enhanced because they will be subject to the policies and Purposes of the Lido Labs BORG Foundation, with the Board responsible for monitoring compliance (and having the authority to directly replace individual multisig members if necessary). As with the current Lido Contributors Group entities, the Lido Labs BORG Foundation will also continue to publish reports detailing the crypto assets held in the multisigs.

Easier Compliance

The formation of the Lido Labs BORG Foundation is designed to allow it, as needed, to procure relevant licenses or approvals for the activities that fall within the Purposes.

Power to Indemnify Contributors For Liability Claims Against Them

The Lido Labs BORG Foundation will be permitted to help reduce the potential liability risks of Lido contributors by entering into traditional indemnification arrangements with contributors that provide services to the Lido Labs BORG Foundation.

Gradual Migration of Contracts and Multisigs

- The Lido Labs BORG Foundation will have the ability to assume existing service contracts between PML or ATC and Lido contributors dedicated to the activities within the scope of the Purposes. This transition will be done through a gradual assignment of these agreements to the benefit of Lido Labs BORG Foundation.

- For the nominated multisigs to be wrapped, existing multisig members will be required to execute multisignature participation agreements with the Lido Labs BORG Foundation, acknowledging and agreeing it now oversees those multisigs. This is expected to lead to improved accountability of the multisigs (as described above under Benefits section) in addition to more liability protection for multisig members through agreements with the Lido Labs BORG Foundation.

- Existing contracts with third parties such as vendors and contributors can either be novated or assigned to Lido Labs BORG Foundation, as applicable (from Lido Contributor Group entities or affiliates).

Links to Key Documents

- [Bylaws - describes operational processes;](#)

- [Memorandum and Articles of Association](#); and

- [Multisignature Participation Agreement](#)

MOTIVATION - DETAILS OF THE PROPOSAL

Purposes

The Lido Labs BORG Foundation is designed to assist the Lido DAO by:

- researching, developing, deploying and helping to maintain the Lido on Ethereum protocol, canonical Lido smart contracts and related Lido applications and infrastructure (as applicable, with the relevant Lido DAO approval),

- organizing and participating in events, webinars, AMAs, workshops, and other initiatives to foster community collaboration, knowledge sharing, and awareness of the Lido protocol & ecosystem,

- developing and maintaining a Node Operator Portal, creating and maintaining technical and operational documentation, knowledge base articles, guides, and tutorials for those interested in participating as Node Operators (NO) in the Lido on Ethereum protocol,

- helping develop proposals for, and support, mechanisms and processes through which the NO community utilizing the Lido protocol is organized and managed, (including supporting NO onboarding/offboarding processes, potentially via DAO-approved subgovernance groups or Multisigs),

- developing and supporting Lido DAO's governance processes and ecosystem (e.g. Snapshot/Aragon voting processes, Easy Track, Dual Governance - as applicable subject to DAO voting for any protocol changes),

- identifying opportunities for collaboration with other Ethereum staking projects and fostering new cross-protocol initiatives within the Ethereum staking community, including any technical integrations,

- identifying opportunities for grants related to staking or the wider Ethereum ecosystem and facilitating the process for such initiatives (e.g. via the Lido Ecosystem Grants Organisation), and

- undertaking other ancillary and related services to the foregoing,

(collectively, the "Purposes").

The Lido Labs BORG Foundation's Purposes will help facilitate the general goals set forth by the Lido DAO through its deliberative process. In particular, the Purposes will aid in advancing all three of the [Lido 2025 GOOSE goals identified in Hasu's GOOSE-2 Submission](#), primarily in relation to open source software development and research and growth of the node operator community.

Lido Labs BORG Foundation would also seek to create and potentially submit future GOOSE proposals to the DAO. It would always look to progress any approved future GOOSE submission within the above mentioned Purposes, pending EGG approvals (either from itself or the community). It will do this by:

1. Researching and developing new innovative, differentiated staking software products and offerings to allow for increased stETH adoption, ranging from tailored staking solutions for specific user segments (e.g. institutions), to novel and improved mechanisms for node operator participation in the protocol;

2. Partnering with the Lido Ecosystem BORG Foundation and any other Lido DAO adjacent entities or staking ecosystem participants to develop product strategies that continue to improve Ethereum's decentralization and resilience while making appealing staking products available to the market; and

3. Continue to research and develop critical governance processes and products (e.g., Dual Governance), always committing to the culture of security of Lido DAO.

Benefits of new Lido Labs BORG Foundation

The current framework grew out of an [October 2022 Lido DAO proposal, "Organizing the Lido Contributors Group, including Pool Maintenance Labs [(PML)] and Argo Technology Consulting [(ATC)]"](#) (the "2022 Proposal").

The core intent of the 2022 Proposal as stated was to allow for Lido contributors to initially organise themselves to provide services to the DAO via adjacent entities, be paid for contributions and to maintain certainty of key Web2 infrastructure/SaaS access. While these entities have fulfilled this initial purpose effectively until now, recent developments in the crypto ecosystem present both new opportunities and challenges.

The benefits of approving the Lido Labs BORG Foundation include as follows:

1. Dedicated to Help Lido DAO Achieve its Goals – The Lido Labs BORG foundation is dedicated and restricted to the Purposes approved by Lido DAO.

The Lido Labs BORG Foundation is designed to support the Lido DAO in achieving its approved objectives, particularly in advancing GOOSE goals. It is a purpose-built entity (i) with a transparent structure, (ii) a Board that is accountable to Lido DAO, and (iii) that is bound by and restricted to the Purposes. This is achieved through provisions in the Bylaws.

1. Additional Accountability and Transparency – Lido Labs BORG Foundation will bring greater accountability and transparency to the Lido community than currently exists.

Cayman Islands is a preferred jurisdiction because it allows for memberless foundation structures, helping to ensure that these entities are not "owned" by any individual(s) and can operate as non-profits aligned with community-aligned purposes.

The Bylaws of the Lido Labs BORG Foundation further provide for legal checks-and-balances between it and Lido DAO. This is an entity that is limited to the Purposes and will seek to use autonomous technologies in furtherance of those Purposes, subject to Lido DAO approval. Additionally, in circumstances where an Adverse Event (as defined in the Bylaws) occurs, the Lido Labs BORG Foundation's rules can be forced extrinsically by an Emergency Supervisor. Such person/entity is appointed directly by Lido DAO, serves as a 'liaison' between the Lido community and Lido Labs BORG Foundation and acts as an enforcer, helping to ensure Lido Labs BORG Foundation complies with its public commitments by monitoring its performance and adherence to its own rules, without having direct managerial authority.

The Bylaws and other legal documents (see below for links to documents) of the Lido Labs BORG Foundation further provide for increased accountability of Lido Labs BORG Foundation to Lido DAO. The Bylaws, Memorandum and Articles of Association, Purposes and directors of the Lido Labs BORG Foundation are public and require approval by the Lido DAO. This helps provide more assurances that the governance structure is transparent, providing greater clarity on who is responsible for the governance and execution of the Purposes.

The Lido Labs BORG Foundation shall initially use Easy Track to complement the legal check-and-balance mechanisms outlined in the Bylaws and Memorandum and Articles of Association. Once established, there would be an onchain vote for the Easy Track setup for the new operational multisigs, which gives Lido DAO an onchain veto over transferring tokens from the Treasury to operational multisigs. In the future, the Lido Labs BORG Foundation may pursue further cybernetic controls for its multisigs between the DAO (i.e. the ability for the DAO to directly remove/add multisig signers).

The Lido Labs BORG Foundation simplifies member management of multisig members by granting such responsibility to its Board. The accountability of members in "unwrapped" multisigs is enhanced as they are required to adhere to the Lido Labs BORG Foundation's policies and Purposes, with the Board tasked with monitoring compliance. The Board also holds the authority to directly replace individual multisig members if necessary.

Accountability is further strengthened by Lido Labs BORG Foundation providing annual reports on Multisigs and the assets therein. This facilitates oversight and reinforces the DAO's ability to monitor and evaluate performance.

1. Efficiency – The Lido Labs BORG Foundation will seek to operate efficiently and flexibly through a documented organizational structure where complementary activities and multisigs are organized into related groups under a single entity.

The Lido Labs BORG Foundation seeks to group similar activities together in a single entity in a way that promotes efficiency for their respective internal cultures and specialized activities. This helps reduce the operational complexity and administrative burden of forming and managing the activities within the Purposes. Furthermore, it wraps multisigs that are necessary to further the Purposes so that operational coherence is enhanced.

1. Easier Compliance – This structure permits the Lido Labs BORG Foundation to apply for licenses in the Cayman Islands (and elsewhere) as required, and to comply with regulatory requirements, as applicable, in other jurisdictions.

2. Power to Indemnify Contributors For Liability Claims Against Them – The Lido Labs BORG Foundation will have the ability to help reduce potential liability risks of Lido contributors by entering into contracts with indemnification provisions providing greater protection to contributors, as stated in the Bylaws.

This applies to Lido contributors who work as independent contractors for PML or ATC that will now be engaged with Lido Labs BORG Foundation, directors of the Lido Labs BORG Foundation and multisig members that will now be wrapped by Lido Labs BORG Foundation.

Committees and Multisigs

The Lido Labs BORG Foundation will help oversee and seek to legally "wrap" the following committees (and their multisig(s)) and multisigs: Lido Ecosystem Grants Organization (LEGO) and the Community Lifeguards sub-committee, Gas Supply Committee, Relay Maintenance Committee, GateSeal, Emergency Brakes, Treasury Management Committee, Simple DVT Module Committee, Community Staking Module Committee, Delegate Oversight Committee wallets (the "Multisigs").

In general, the Lido Labs BORG Foundation would have the ability to adopt other committees and multisigs, provided their activities align closely with the Purposes. If through any operational or regulatory analysis conducted post formation within the migration period, it is discovered that any of the above mentioned multisigs are unsuitable for wrapping within the Lido Labs BORG Foundation, then the DAO will be updated as to any new proposed strategy regarding those multisigs.

Operational multisig wallet

- The foundation will create a new operational multisig to hold operational funds held separately at the discretion of the Board.

- It would be expected to be held in 4/7 multisig, but this will be confirmed when the Lido Labs BORG Foundation comes back to Lido DAO for an onchain Easy Track set up and voting

- The Board of Directors shall propose configurations/Easy Track factories for this multisig ie. security limit amounts, limit periods, address and verified signers on the forum two weeks before an on-chain vote, and request that proposed configuration (new or changes to existing) be included in the nearest omnibus vote on Aragon.

Gas Supply Committee multisig wallet

- Exclusively for the purposes and resolutions agreed by the DAO in Nominate the Gas Supply Committee as a supervisor for gas expenditure and https://snapshot.box/#/s:lido-snapshot.eth/proposal/0xbfecc75c45bca53d3c5786f099d46559ac597bc3fae802d5f599b60f10b4bd4a.

- Used for gas expense reimbursements arising in the day-to-day operations of Lido protocol such as deposits and oracle reports.

- Committees | Lido Docs

Relay Maintenance multisig wallet

- Exclusively for the purposes and resolutions agreed by the DAO in Lido on Ethereum: Identify and constitute Relay Maintenance Committee and https://snapshot.box/#/s:lido-snapshot.eth/proposal/0x7ac2431dc0eddcad4a02ba220a19f451ab6b064a0eaef961ed386dc573722a7f.

- Used to make decisions about which relays are added to or moved between the "relay lists".

- Committees | Lido Docs

GateSeal multisig wallet

- Used to pause WithdrawalQueueERC721 (pausing users' withdrawal requests of ETH for stETH), ValidatorExitBusOracle (pausing validator exit requests to node operators) or both smart contracts. Further information in GateSeal | Lido Docs.

- Lido V2 GateSeal Committee

Emergency Brakes multisig wallet

- Used to disable deposits and withdrawals for wstETH bridging to Optimism, Arbitrum and other L2s in case of an emergency on Ethereum mainnet or L2.

- It can further pause EasyTrack pipeline (which only Lido DAO can un-pause)

- Further information may be found at Emergency Brakes | Lido Docs.

LEGO multisig wallet

- Exclusively for the purposes and resolutions agreed by the DAO in Project: Lido Ecosystem Grants Organization (LEGO: Lido Ecosystem Grants Organization).

- Used to make grants: sending dedicated grants directly to recipients and funding committee members' personal grant allowances.

- If further enables the reception of stablecoins and LDO from the Lido DAO Treasury by Easy Track.

- [Committees | Lido Docs](#)

Community Lifeguards multisig wallet

- Exclusively for the purposes and resolutions agreed by the DAO in[Lido Community Lifeguards Initiative](#) and [https://snapshot.box/#/s:lido-snapshot.eth/proposal/0xf36f00fb44644a24fb75889b5f92496b7f36eef70185bcff5b7ecfa2a781db6f](#).

- Intended to receive and distribute grants from the LEGO Committee multisig for the Lido Community Lifeguards Initiative grants.

Treasury Management Committee

- Exclusively for the purposes and resolutions agreed by the DAO in[Proposal to approve Lido DAO Treasury Management Principles and authorize the formation of a Treasury Management Committee](#) and [https://snapshot.box/#/s:lido-snapshot.eth/proposal/0xac31f800288c68e32d1eb3cea7a525022faae3eb3bf805d1b3d248cda5375a13](#).

- Used to put forward Treasury Management Strategies constrained by the Principles, and Treasury Management Actions to execute them using On-chain tools.

- [Committees | Lido Docs](#)

Community Staking Module Committee & multisig wallet

- Exclusively for the purposes and resolutions agreed by the DAO in[Community Staking Module Committee](#) and [https://snapshot.box/#/s:lido-snapshot.eth/proposal/0xd0d7bfd68f2241524dbb14ae6fe0e8414b9fe3e0dcfc50641a8d28f0067d6693](#)

- The Community Staking Module Committee uses this multisig (0xC52fC3081123073078698F1EAc2f1Dc7Bd71880f) to perform operations: report possible instances of MEV stealing committed by CSM Node Operators, cancel MEV stealing penalty if needed, starting EasyTracks to settle MEV stealing penalty, switching the bond curve for the particular Node Operator or resetting it to the default one, pausing CSM in case of emergency via Gate Seal.

- [Committees | Lido Docs](#)

Delegate Oversight Committee

- Exclusively for the purposes and resolutions agreed by the DAO in[Establish a Public Delegate Platform and Delegate Incentivization Program](#) and [https://snapshot.box/#/s:lido-snapshot.eth/proposal/0xa502cf80451192672313911ce558e74799626da3b3b66130e21c6cd19707e584](#)

- This multisig (0x13600b9AEE86f8254969918B1E9ae6ea091b8727) receives and distributes grants from the LEGO Committee multisig within the Delegate Incentivization Program.

- [Committees | Lido Docs](#)

Simple DVT Module Committee & multisig wallet

- Exclusively for the purposes and resolutions agreed by the DAO in[Staking Router Module Proposal: Simple DVT](#) and [https://snapshot.box/#/s:lido-snapshot.eth/proposal/0xf3ac657484444f0b54eba2c251135c47f875e3d1821496247d11bdd7fab0f291](#).

- Used to create new clusters, activate and deactivate existing clusters, raise and lower cluster key limits, and change cluster manager and reward addresses via Easy Track.

- [Committees | Lido Docs](#)

Migration

- The Lido Labs BORG Foundation will be established in case of the DAO approval of this proposal.

- However, the migration process will be implemented gradually to align with operational readiness and any applicable regulatory compliance requirements.

- The Lido Labs BORG Foundation will engage in a structured and phased assignment process under which it intends to transfer the services agreements of Lido contributors engaged in activities aligned with the defined Purposes directly with the Lido Labs BORG Foundation.

- Existing multisig members of the Multisigs will execute multisignature participation agreements, acknowledging that the Lido Labs BORG Foundation will oversee these multisigs.

- Contracts with third parties such as vendors and contributors will either be novated or assigned, depending on the specific terms of each agreement.

- Following the proposal's approval and the formation of Lido Labs BORG Foundation, the Lido Labs BORG Foundation will come back to Lido DAO, likely between February - March 2025, for:

- Onchain voting process to add Easy Track factories for Lido Labs BORG Foundation Operational multisig

- EGG approvals as required for operational expenditures of the Foundation and for grant continuity for any newly wrapped multisigs that had previous grants. This will be done to ensure funding continues past Multi-EGG Continuity Grant Funding periods (as specified: [EGG] Multi-EGG Continuity Grant Funding). The EGG requests will provide detail on the expected annual expenditures of the Foundation in relation to how it expects to advance latest GOOSE goals

It is expected that future EGG approval for the new Foundation BORGs (including proposed Lido Ecosystem BORG Foundation) would result in a phase out, including any appropriate buffer times to account for phased migration from current Lido Contributor Group entities - ATC / PML / RCC (as noted here: [EGG] Multi-EGG Continuity Grant Funding). No new EGG budget requests for the Lido Contributor Group entities (ATC, PML and RCC) are planned after the Multi-EGG Continuity Grant Funding.

Additional Benefits in Comparison with Evolving Current Lido Contributor Group model - i.e., ATC and PML

For ATC/PML to operate under a Cayman Islands foundation structure (the chosen jurisdiction and structure for the reasons mentioned above) the following steps would be required:

- Establish a new Cayman Islands foundation.

- Merge ATC/PML with the newly established foundation [not recommended, details below].

Net Benefits/Analysis

- A merger between ATC/PML and the new Cayman Islands foundation offers no substantive or practical advantages to the one proposed.

- Expanding the scope of ATC/PML to fit within the Purposes would still necessitate approval from the DAO.

- A merger would impose additional administrative burdens, resulting in unnecessary work, as well as increase the associated costs, with no commensurate benefits.

Establishing a Cayman Islands foundation directly, with the Purposes that are explicitly included, represents a more simple, efficient and cost-effective solution.

IMPLEMENTATION

- Upon approval, the formation of the Lido Labs BORG Foundation will proceed immediately. The Bylaws and Memorandum and Articles of Association to be adopted will be substantially in the form as those linked above.

- Drawing of funding for the Purposes from DAO treasury will likely commence in April 2025, post any EGG approval, with budgets managed through the Lido Labs BORG Foundation's multisigs established under the BORG framework.

- The Board of the Lido Labs BORG Foundation will manage its affairs in its best interests. The initial Directors have a strong reputation within the Lido community and a close connection to the Purposes. They will be joined by a professional Cayman Islands-based director chosen for his technical and legal expertise in the crypto space, and potential valuable contributions to Lido Labs BORG Foundation.

- The initial directors shall be @konstantin

, @EvgeniyEmelyanov, @skozin and a professional Cayman Islands independent director, which will be one of the two DAO/foundation directors from Hash Directors.

- Lido Labs BORG Foundation will raise a new proposal to Lido DAO in or about February-March 2025 which will include a detailed scope of work ,deliverables and a budget request for the period of on or about April to December 2025 to pay for it.

- Existing DAO-adjacent-entities and wallets (namely ATC, PML and RCC) will not make any further drawdowns from the Lido DAO treasury via Easy Track past the best before dates. If there are any unutilised funds held within the multisigs from drawdowns occurring within the EGG period, then these cryptoassets could be used for a maximum period of 2 months post the best before date to assist with the smooth migration of operations to the Lido Labs BORG Foundation. Any remaining cryptoassets following the migration would be returned to the Lido DAO Treasury.

VOTING & DISCUSSION

NOTE: This proposal solely concerns the formation and operation of the Lido Labs BORG Foundation. No budget and funding requests are made in this proposal. Once incorporated, the BORG will submit a new EGG budget proposal to the DAO for its proposed scope of work at a later date in a separate proposal.

The Lido community is invited to weigh in on the proposal. This proposal will be followed by a Snapshot vote with the link published here, when ready.

By voting YES in the Snapshot vote, you indicate support for the establishment of the Lido Labs BORG Foundation and its Purposes as described herein.

By voting AGAINST in the Snapshot vote, you indicate you do not support the establishment of the Lido Labs BORG Foundation as described herein.

Further reading:

- Lido Alliance BORG Foundation proposal

- Delphi Labs, Assimilating the BORG

- MetaleX Whitepaper

- UK Law Commission Scoping Paper on DAOs (covering DAO-adjacent BORGs in substantial detail)

- [Hasu's GOOSE Submission] Proposed goals for Lido DAO to consider

- ReGOOSE: Updated goals for Lido in the light of MVI and restaking

- [Hasu's GOOSE-2 Submission] A Product Line Approach to Grow Lido's Staking Ecosystem