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## Summary: Runway funding → top-down budget process starting from the organization's goals

Lido is in the process of continued decentralization towards a permissionless, contributor-driven DAO. As [@rotorless](#) explains in [this forum post](#), two independent real-world vehicles will serve as invoicing/contracting entities for Lido contributors and suppliers, in the interest of furthering the development of open source software dedicated to decentralized liquid staking operations.

→ Approve 6mos of run-rate funding (DAI 11.2m + LDO 398k

) for independently operated entities to support the development of decentralized liquid staking protocols

The below budget should only be the beginning of a longer process the moment we are sure there are no potential disruptions to business continuity.

At this point, and with short-term operational runway secure, we invite the Lido community to organize to shape the DAO's goals for the year 2023, following which a formal budgeting process can take place to, in a structured and top-down way, identify operating expense needs required to achieve these goals.

## Proposal Actions

- Recognition of the Lido Contributors Group, encompassing Pool Maintenance Labs Ltd., Argo Technology Consulting Ltd. and the existing RCC, to collect functions relating to protocol execution, sponsorships and development support for the DAO
- These three distinct contributor channels can mitigate the present business continuity risks while advancing decentralised protocol governance
- This proposal would ratify their interactions with the DAO, along with the below budget request that will officially engage the Lido Contributors Group for 6 months through a funding injection into three multi-signature addresses
- These three distinct contributor channels can mitigate the present business continuity risks while advancing decentralised protocol governance
- This proposal would ratify their interactions with the DAO, along with the below budget request that will officially

engage the Lido Contributors Group for 6 months through a funding injection into three multi-signature addresses

- DAI 11,242,616 and LDO 397,726 will be approved for the period November-2022 to April-2023 to fund DAO activities, distributed in the following way
- DAI 7,517,603 and LDO 220,000 will be approved as a contribution to Pool Maintenance Labs Ltd.

, an independent not-for-profit software development company in the British Virgin Islands, funded through a company-authorized 4/7 multi-sig wallet with signers listed below: 0x17F6b2C738a63a8D3A113a228cfd0b373244633D

- adcv: 0xcC692077C65dd464cAA7e7ae614328914f8469b3
- folkyatina: 0x75E01e1B7a4Ac280fB744A8153beE668A7e83abd
- kadmil: 0x9A3f38AF97b791C85c043D46a64f56f87E0283D4
- Azat: 0xA14BFfd91fb571bF1D9Bec70f273CAc13CA127Fa
- krogla: 0x000000DfE832ccD7a4011a1Fca34602C9a598353
- skozin: 0x181dbb1E8156518a58Cbb83AF4D3C41E731c6bdF
- rotorless: 0xF6E9a144D727C239cC2A7C64C48B8b9A0E39b3dc
- adcv: 0xcC692077C65dd464cAA7e7ae614328914f8469b3
- folkyatina: 0x75E01e1B7a4Ac280fB744A8153beE668A7e83abd
- kadmil: 0x9A3f38AF97b791C85c043D46a64f56f87E0283D4
- Azat: 0xA14BFfd91fb571bF1D9Bec70f273CAc13CA127Fa
- krogla: 0x000000DfE832ccD7a4011a1Fca34602C9a598353
- skozin: 0x181dbb1E8156518a58Cbb83AF4D3C41E731c6bdF
- rotorless: 0xF6E9a144D727C239cC2A7C64C48B8b9A0E39b3dc
- DAI 1,963,430 will be approved as a contribution to Argo Technology Consulting Ltd

, an independent Panamanian software development company operated as a not-for-profit, funded through a company-authorized 4/7 wallet with signers listed below: 0x9B1cebF7616f2BC73b47D226f90b01a7c9F86956

- aurelius: 0x7A29c1197962D1b42FcfA8095fA1dF66E489fCd6
- dgusakov: 0x992Ce4eEc8288274f60880c7770DdA265fCCe610
- carvas: 0x1B3fcFCeF0d61454eee4cd4E38159D2A43E28541
- marin: 0x443D995C138ace07C353d7544Bc984169890A37d
- Jakov: 0x59d07dc34B135B17b87840a86BFF7302039E7EDf
- pshe: 0x7F2aAb92752026372081f76Cdc2C3a1155E62867
- adcv: 0xcC692077C65dd464cAA7e7ae614328914f8469b3
- aurelius: 0x7A29c1197962D1b42FcfA8095fA1dF66E489fCd6
- dgusakov: 0x992Ce4eEc8288274f60880c7770DdA265fCCe610
- carvas: 0x1B3fcFCeF0d61454eee4cd4E38159D2A43E28541
- marin: 0x443D995C138ace07C353d7544Bc984169890A37d
- Jakov: 0x59d07dc34B135B17b87840a86BFF7302039E7EDf
- pshe: 0x7F2aAb92752026372081f76Cdc2C3a1155E62867
- adcv: 0xcC692077C65dd464cAA7e7ae614328914f8469b3
- DAI 1,761,583 and LDO 177,726 will be approved to fund the RCC

4/7 multi-sig wallet with signers listed below: 0xDE06d17Db9295Fa8c4082D4f73Ff81592A3aC437

- jbeezy: 0x039bDD285d3eDb1D9B6001d3097067Aa2AF7d826
- izzy: 0x783EA934d543CD1ccfd920639A7539a0BD3895e2
- alex\_l: 0x1e7aa9C33A53e34dcdEdeb465a1Cb344eE979C77
- aurelius: 0x7A29c1197962D1b42FcfA8095fA1dF66E489fCd6
- AD: 0x0d22e69ce47818c3524Fe952e8De7AF78cC3C43b
- zuzu\_eeke: 0x004812da927b5dcd07e7329609edd75e25d2d295
- adcv: 0xcC692077C65dd464cAA7e7ae614328914f8469b3
- jbeezy: 0x039bDD285d3eDb1D9B6001d3097067Aa2AF7d826
- izzy: 0x783EA934d543CD1ccfd920639A7539a0BD3895e2
- alex\_l: 0x1e7aa9C33A53e34dcdEdeb465a1Cb344eE979C77
- aurelius: 0x7A29c1197962D1b42FcfA8095fA1dF66E489fCd6
- AD: 0x0d22e69ce47818c3524Fe952e8De7AF78cC3C43b
- zuzu\_eeke: 0x004812da927b5dcd07e7329609edd75e25d2d295
- adcv: 0xcC692077C65dd464cAA7e7ae614328914f8469b3
- DAI 7,517,603 and LDO 220,000 will be approved as a contribution to Pool Maintenance Labs Ltd.

, an independent not-for-profit software development company in the British Virgin Islands, funded through a company-authorized 4/7 multi-sig wallet with signers listed below: 0x17F6b2C738a63a8D3A113a228cfd0b373244633D

- adcv: 0xcC692077C65dd464cAA7e7ae614328914f8469b3
- folkyatina: 0x75E01e1B7a4Ac280fB744A8153beE668A7e83abd
- kadmil: 0x9A3f38AF97b791C85c043D46a64f56f87E0283D4
- Azat: 0xA14BFfd91fb571bF1D9Bec70f273CAc13CA127Fa
- krogla: 0x000000DfE832ccD7a4011a1Fca34602C9a598353
- skozin: 0x181dbb1E8156518a58Cbb83AF4D3C41E731c6bdF
- rotorless: 0xF6E9a144D727C239cC2A7C64C48B8b9A0E39b3dc
- adcv: 0xcC692077C65dd464cAA7e7ae614328914f8469b3
- folkyatina: 0x75E01e1B7a4Ac280fB744A8153beE668A7e83abd
- kadmil: 0x9A3f38AF97b791C85c043D46a64f56f87E0283D4
- Azat: 0xA14BFfd91fb571bF1D9Bec70f273CAc13CA127Fa
- krogla: 0x000000DfE832ccD7a4011a1Fca34602C9a598353
- skozin: 0x181dbb1E8156518a58Cbb83AF4D3C41E731c6bdF
- rotorless: 0xF6E9a144D727C239cC2A7C64C48B8b9A0E39b3dc
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, an independent Panamanian software development company operated as a not-for-profit, funded through a company-authorized 4/7 wallet with signers listed below: 0x9B1cebF7616f2BC73b47D226f90b01a7c9F86956

- aurelius: 0x7A29c1197962D1b42FcfA8095fA1dF66E489fCd6
- dgusakov: 0x992Ce4eEc8288274f60880c7770DdA265fCCe610
- carvas: 0x1B3fcFCeF0d61454eee4cd4E38159D2A43E28541
- marin: 0x443D995C138ace07C353d7544Bc984169890A37d

- Jakov: 0x59d07dc34B135B17b87840a86BFF7302039E7EDf
- pshe: 0x7F2aAb92752026372081f76Cdc2C3a1155E62867
- adcv: 0xcC692077C65dd464cAA7e7ae614328914f8469b3
- aurelius: 0x7A29c1197962D1b42FcfA8095fA1dF66E489fCd6
- dgusakov: 0x992Ce4eEc8288274f60880c7770DdA265fCCe610
- carvas: 0x1B3fcFCeF0d61454eee4cd4E38159D2A43E28541
- marin: 0x443D995C138ace07C353d7544Bc984169890A37d
- Jakov: 0x59d07dc34B135B17b87840a86BFF7302039E7EDf
- pshe: 0x7F2aAb92752026372081f76Cdc2C3a1155E62867
- adcv: 0xcC692077C65dd464cAA7e7ae614328914f8469b3
- DAI 1,761,583 and LDO 177,726 will be approved to fund the RCC

4/7 multi-sig wallet with signers listed below: 0xDE06d17Db9295Fa8c4082D4f73Ff81592A3aC437

- jbezy: 0x039bDD285d3eDb1D9B6001d3097067Aa2AF7d826
- izzy: 0x783EA934d543CD1ccfd920639A7539a0BD3895e2
- alex\_l: 0x1e7aa9C33A53e34dcdEdeb465a1Cb344eE979C77
- aurelius: 0x7A29c1197962D1b42FcfA8095fA1dF66E489fCd6
- AD: 0x0d22e69ce47818c3524Fe952e8De7AF78cC3C43b
- zuzu\_eeka: 0x004812da927b5dcd07e7329609edd75e25d2d295
- adcv: 0xcC692077C65dd464cAA7e7ae614328914f8469b3
- jbezy: 0x039bDD285d3eDb1D9B6001d3097067Aa2AF7d826
- izzy: 0x783EA934d543CD1ccfd920639A7539a0BD3895e2
- alex\_l: 0x1e7aa9C33A53e34dcdEdeb465a1Cb344eE979C77
- aurelius: 0x7A29c1197962D1b42FcfA8095fA1dF66E489fCd6
- AD: 0x0d22e69ce47818c3524Fe952e8De7AF78cC3C43b
- zuzu\_eeka: 0x004812da927b5dcd07e7329609edd75e25d2d295
- adcv: 0xcC692077C65dd464cAA7e7ae614328914f8469b3
- If the proposal is approved, the first funding for disbursement to finance protocol operations would be requested from the DAO via Aragon vote as follows:
- DAI

1,500,000 and LDO 220,000 to Pool Maintenance Labs Ltd.

0x17F6b2C738a63a8D3A113a228cfd0b373244633D

- DAI

500,000 to Argo Technology Consulting Ltd.

0x9B1cebF7616f2BC73b47D226f90b01a7c9F86956

- DAI

250,000 and LDO 177,726 to RCC

0xDE06d17Db9295Fa8c4082D4f73Ff81592A3aC437

- DAI

1,500,000 and LDO 220,000 to Pool Maintenance Labs Ltd.

0x17F6b2C738a63a8D3A113a228cfd0b373244633D

- DAI

500,000 to Argo Technology Consulting Ltd.

0x9B1cebF7616f2BC73b47D226f90b01a7c9F86956

- DAI

250,000 and LDO 177,726 to RCC

0xDE06d17Db9295Fa8c4082D4f73Ff81592A3aC437

- Each following distribution will be authorized either as an Aragon on-chain vote or through the Easy Track Motions process once available.
- Multisig signers & addresses may be rotated by specified multisig after signalling the change to DAO on the governance forum. Number of signers can't be lowered, and threshold must be at least 50% of the signers.

# 1. Run-rate DAO Funding Needs

## Summaries of the funding request

### LIDO-1 request (stables), by expense type, vs RCC-3

[

image

978×742 79.8 KB

](<https://europe1.discourse-cdn.com/business20/uploads/lido/original/2X/c/c449b584571ed1923405282fdc6c06027185c2fc.png>)

### Full view of 7mos of operating expenses, in stables and LDO

The below view captures the month-by-month estimate of funding requirements in RCC-3 and LIDO-1, the total amount of LDO requested for approval in both RCC-3 and LIDO-1 and a view of additional approved LDO.

[

image

2288×1080 323 KB

](<https://europe1.discourse-cdn.com/business20/uploads/lido/original/2X/f/fb11e7272287fa995bbb73464d7089ae08efdd15.png>)

### View by expense type (stable), calendarized per quarter (through March 2023)

[

image

2066×740 147 KB

](<https://europe1.discourse-cdn.com/business20/uploads/lido/original/2X/c/c0e7192563fd31af821e921f15bd515077052b0c.png>)

### View by expense type (stable), by funding request (through April 2023)

[

image

2068×744 151 KB

## Compensation & Contracting Plans

A total of 96 contributors (not FTE) are counted (not on an FTE basis, e.g. the Finance team are 4 people but 2 contributor equivalents), of which 22 are planned hires and have not started yet. The number reflects the projected number of contributors that could be working for the DAO at the end of the period based on expected hiring plans.

Additionally, DAO contractors are allocated a yearly lump sum for continuing education and certifications, workspace and hardware upgrades and an allowance for coworking rentals as needed.

## Token Compensation Plan

Current schedule of token compensation structures to Lido contractors is based on passed Snapshots and recent RCC budgets. Please also note that the token compensation program is in revision as at the moment, which will result into new options for contributors.

PLEASE NOTE: This new plan for DAO contractors will be released separately for approval. The intent should be to incentivize and attract talent, while also giving people a sense of ownership in the project. LDO requested in this budget is to fund specific, existing, obligations approved by token holders.

## Auditing costs

2023 expenses are front-loaded to Q1 and Q2 given the expected calendar for product milestones. Annualized equivalent is in fact a bit less given the pace of updates.

Blockchain

Scope

Audit amount

ETH

Security

250k

ETH

Operations

250k

ETH

Operations

250k

ETH

Operations

250k

SOL

Solana Operations

150k

ETH

Security

250k

ETH

Operations

250k

## Travel & Expenses

The DAO will make available a dedicated travel budget for contributors to be able to travel to conferences and to in-person meetings. We have benchmarked against other organizations and taken into account real-world travel needs to come up with a fair estimate of realistic and valuable travel needs for the DAO going forward.

Priority is given to commercial and technical teams in this distribution, and team intentions/desires have been taken into account.

## Legal Expenses

### Incorporation Costs

In the months following incorporation, there will be ongoing external legal costs to finalize the implementation of PML and Argos. Bureaucratic legal work for incorporation itself will run in the \$40-50k range, while the remainder of the legal budget is provisioned for external legal work in the months following DAO transition.

### Legal self-insurance fund

We are ring-fencing a dedicated \$300k as a legal self-insurance fund, funded through installments with this request as soon as the infrastructure is in place. The aim of this fund should be to insure against the possibility of legal expenses against the DAO or against individual DAO contributors.

## Software Subscriptions

80% of our regular software subscription spending is in 7 services. Our aim will be to, over time, migrate to bare metal or more decentralized and redundant alternatives. Given the pareto distribution of spend, there is also the potential for ongoing savings if we manage our licensing intelligently. Most of these licenses will be managed either by PML or by Argos.

## Marketing Expenses

Item

Budget Period (Nov-22 thru Apr-23)

Sponsorships and Advertising

349,998

Events

175,002

Umbrella Agency work

153,000

Marketing Agency Support

100,002

PR Agency

90,000

Community Management

75,000

Merchandise Production

63,000

Localization



10,002

Total

1,016,004

Ongoing marketing expenses are estimated to come mostly from events, sponsorships and umbrella advertising. The marketing practice is still in a phase of testing and discovery, which will likely undergo a shift in marketing priorities at the next budget process once more data is available.

## 2. Entity Funding Request

In order to maintain the independence of Pool Maintenance Labs Ltd and Argos, we will need to issue a funding request that will take the form of a crypto contribution to further independent development of decentralized liquid staking solutions.

This request will organize the funding ask in the following way:

DAO Entity

Nov-Apr

PML (BVI)

\$ 7,517,603

Argos (PAN)

\$ 1,963,430

RCC (ETH)

\$ 1,761,583

Total

\$ 11,242,616

The contribution will be made to a company authorized crypto wallet for each DAO Entity that will fund various workstreams and initiatives. The Finance team will serve as the Finance Manager for both these entities to execute payments and control expenses.

The funds will only be disbursed from the Treasury on a rolling basis, through an Easy Track process, to minimize the outlay from the Treasury at any given time. To minimize risk to the Treasury while maximizing operational flexibility, we will target:

1. Three months of planned expenses (contractor compensation, contracted services and audit retainers)
2. Some amount of contingency funds held on balance
3. The remaining operating expense budget to be disbursed through EasyTrack motions

## 3. Contextualizing the budget

Lido DAO is not a business but a community-driven open-source liquid staking protocol. In this stage of growth, Lido is in the process of bootstrapping both stETH usage as a unit of account and a diverse, decentralized, validator set that can maintain the security of the network without compromising on its key ideals.

In relation to the [draft budget published in July](#), we are ahead by ca +2.5m behind greater than expected audit costs and the remainder being a readjustment based on the areas of actual spend. There are also some increases in spend behind higher comp for certain teams. Development expenses include 3m in audit costs along with 0.5m in other development expenses including gas costs, some software subscriptions and bug bounties.

## Appendix: Prior approvals for LDO

The below LDO is not part of the budget request and is just placed here for context and further information.

At this stage of growth, we should expect to invest a significant amount of native tokens to the extent that partnerships or growth opportunities can be secured, as well as distribute the control token more broadly. Over time, our aim should be to establish a hierarchy of token value based on common-sense principles that aim to safeguard the long-term security of the

protocol. Namely, we should prioritize conserving the LDO token and prioritize the use of internally generated value to meet operating expenses.

[

image

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## Liquidity Incentives

The [reWARDS committee](#) is evaluating the effectiveness of deployed incentives in achieving goals of decentralizing ownership in the protocol and reaching the operational objectives of the DAO.

## Referrals and LEGO

LEGO budget has been updated based on the last [LEGO diversification proposal](#). In the event of mountain sized grants, Aragon voting would be held and additional funding could be drawn down in case of successful voting.

## Lido-on-X

Incentives for Lido-on-X projects dedicated to developer teams for reaching different market shares of staking via Lido. Solana incentive is an actual for reaching 1% market share, vested over 2 years period according to the [proposal](#). Numbers with gray background are expectations of amount and the 1st month of 2-year vesting period start, based on historical trend of Lido share on the network.