

Introduction

We are excited to propose a governance upgrade for GMX DAO. An on-chain voting system for GMX DAO will revolutionize the governance structure, decision-making processes, and community involvement within the GMX ecosystem. This proposal outlines the rationale, structure, and specifications for the governance upgrade for GMX DAO

GMX, as a Defi protocol, aims to provide users with innovative financial products and services while maintaining decentralization, transparency, and community governance. Introducing a governance upgrade aligns with these principles by empowering the community to actively participate in the governance and development of the GMX platform.

Objectives:

1. Enhanced Governance

: Formalize the governance and proposal lifecycle for GMX DAO, establish a standardized template for Improvement Proposals, introduce a temperature check mechanism to enhance the efficiency of on-chain proposals, deploy voting strategies for the Temp Check process, and establish a transparent and decentralized governance framework where community members can propose and vote on protocol upgrades, parameter adjustments, and strategic decisions.

1. Community Engagement

: Create a vibrant and engaged community by providing avenues for active participation, discussion, and collaboration.

1. Protocol Development

: Facilitate rapid innovation and development by enabling community-driven initiatives, funding proposals through grants, hackathons, RFPs, audits, and engaging DAO contributors.

Structure:

The proposed DAO for GMX will be structured as follows:

1. Governance Mechanism

: Utilize a token-based voting system where GMX token holders can propose, discuss, and vote on governance proposals. Each token represents voting power, providing proportional representation based on stake.

1. Proposal Process

: Once we launch the on-chain governance this is how the process will look like.

Phase 1: Ideation

This initial stage aims to gauge community feedback on the author's concept. Unique ideas can be tagged with #idea on the forum, where they will have their dedicated thread. Typically, Phase 1 proposals are informally brainstormed in settings such as Discord chats or Telegram groups. This phase may involve garnering community endorsement for the specifications of a potential Request for Comment (RFC) through multiple in-text polls.

Duration: Open

Phase 2: Request for Comment

During this phase, authors of proposals can formally seek community input by crafting their idea into a Request for Comment (RFC) using the provided template (Link pending DAO Approvals). Throughout the drafting process of the RFC, the author is expected to integrate community feedback and refine the proposal accordingly. The status of Draft RFC aims to accumulate sufficient feedback and endorsement to establish a soft consensus, thereby enabling the progression to a formal proposal with reduced risk of immediate rejection.

Duration: Open

Phase 3: Temperature checks can be conducted off-chain using Snapshot, incorporating the following criteria.

Voting mechanism: Simple majority (requiring 65% + 1 of the smallest token unit)

Quorum: TBD

Minimum token threshold for proposals: 10000

Voting window duration: 5 days

Given Snapshot's off-chain and gasless nature, there is an increased risk of spam, which can be alleviated by imposing a

minimum token requirement.

Upon Phase 3 completion, the author can transition a Request for Comment (RFC) to a GMX Improvement Proposal (GIP)

Phase 4 GIP Proposals

All GIP proposals will be submitted through an on-chain vote on Tally. GMX will implement an on-chain solution using Tally. Tally is a significant contributor to Arbitrum, and we chose to work with Tally based on their contributions to the Arbitrum ecosystem.

- Voting strategy: simple majority (65% + 1 smallest unit of a token)
- Quorum: TBD
- The minimum amount of tokens required to propose: 25000
- Voting period length: 5 days
- Execution period: 48 hours
- Cooldown period: None

Depending on the voter turnover and weight, the minimum amount of tokens required to propose can be increased.

Conclusion:

Launching an on-chain governance for GMX DAO represents a significant step towards decentralization, community empowerment, and innovation within the GMX ecosystem. By establishing a transparent and inclusive governance framework, we can use the collective wisdom and enthusiasm of the community to drive the continued success and evolution of GMX.

As the next steps we invite the community to share their thoughts and post community feedback we will be taking this through a snapshot vote.