

PROPOSAL NAME:

ApeChain, On-chain – ApeCoin DAO Governance Revamp

TEAM DESCRIPTION:

[@BoredApeG](#) , ApeCoin DAO Special Council

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PROPOSAL DESCRIPTION:

This AIP proposes replacing [AIP-1](#) and [AIP-2](#) and guiding the ApeCoin DAO to a drastically more effective governance process by removing administrative layers and moving more decision-making on-chain. This proposal would place more autonomy and power into the hands of the ApeCoin DAO, while focusing the DAO's efforts on growing ApeChain.

Key Points:

1. DAO Treasury:
2. On-chain DAO treasury using Governor Bravo contracts
3. 75/25 split
4. 75% of total treasury placed on-chain for the ApeCoin DAO
5. 25% of total treasury provided to Ape Foundation for its Administrative Budget
6. 75% of total treasury placed on-chain for the ApeCoin DAO
7. 25% of total treasury provided to Ape Foundation for its Administrative Budget
8. Power directly in hands of ApeCoin DAO
9. 75/25 split
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11. 25% of total treasury provided to Ape Foundation for its Administrative Budget
12. 75% of total treasury placed on-chain for the ApeCoin DAO
13. 25% of total treasury provided to Ape Foundation for its Administrative Budget
14. Power directly in hands of ApeCoin DAO
15. ApeChain Protocol Upgrades:
16. On-chain protocol upgrades and updates using Governor Bravo contracts, governed by the ApeCoin DAO
17. Creating the Executive Director role and clarifying the role of Special Council:
18. Establishing an Executive Director of the APE Foundation, responsible for driving ApeChain's growth and enhancing ApeCoin's value.
19. Creating an Audit Committee, to provide oversight over the Executive Director and the APE Foundation budgeting and finances.
20. Clarifying that Special Council members are no longer involved in the AIP process, and current Special Council terms will be extended by 6 months to provide continuity and guidance in light of this governance revamp.
21. Replacing AIP-1 and AIP-2, and adopting the ApeCoin DAO Constitution (see below in the "Benefit to ApeCoin Ecosystem" section).

MOTIVATION

Following the successful launch of ApeChain, it is imperative that the ApeCoin DAO now focus its efforts on growing the

ApeChain protocol.

While the introduction of a governable protocol and chain presents an economic opportunity for the ApeCoin DAO, it also presents an opportunity to reimagine and improve ApeCoin DAO governance to effectuate on-chain actions autonomously and streamline on-chain access to the treasury.

The introduction of ApeChain also necessitates executive leadership at the APE Foundation, to ensure that ApeChain is managed in a commercially viable environment and a manner which will grow the community and treasury.

BENEFIT TO APECOIN ECOSYSTEM

1. On-Chain DAO Treasury:

a. Splitting the treasury (and locked APE streams) in a 75/25 split:

i. 75% of the treasury and unlocking APE will be directed to an on-chain DAO treasury contract, which will be controlled directly by the ApeCoin DAO.

ii. 25% of the treasury and unlocking APE will be directed to the Ape Foundation for its Administrative Budget, which will be utilized to build and maintain ApeChain, and to support the administrative needs of the ApeCoin DAO.

b. DAO-Controlled Drip Contract: In order to keep in line with transparency, decentralization and accountability to the ApeCoin DAO, the 25% treasury split for the Administrative Budget will be held in a multi-sig, over which the ApeCoin DAO will hold an admin key and be able to “clawback” such funds and send them to the DAO treasury contract.

c. Of the funds in the DAO-Controlled Drip Contract, 2,500,000 APE will immediately be claimable by the Ape Foundation, while the remainder will “drip” along a monthly scheduled rate of 18 months, which will be able to be claimed by the Ape Foundation.

d. The timer on the 18 month DAO-Controlled Drip Contract starts when the treasury moves on-chain.

e. The monthly unlocks of \$APE which accrue to the DAO each month according to the ApeCoin tokenomics will also be allocated at a 75/25 split between the DAO treasury and the Ape Foundation Administrative Budget. These unlocks will also be sent to a DAO-Controlled Drip Contract, and will “drip” over 18 months, with the timer starting when the treasury moves on-chain.

1. On-Chain Protocol Upgrades and Updates:

a. The ApeCoin DAO, and the Security Council (as introduced below), will be given “chain owner” privileges over ApeChain, having the power to directly propose, vote on and implement ApeChain upgrades and updates.

1. Introduction of the Security Council:

a. With the mainnet launch of ApeChain, security should be the utmost priority for the ApeCoin DAO. Given that the governance process is subject to a timeline unfit for quickly addressing emergency situations, it is critical that there be a fail-safe to quickly and immediately react to potential security threats to ApeChain.

b. To address this issue, a democratically elected Security Council will be empowered to implement certain Emergency and Non-Emergency Actions, as described further in the Constitution of the ApeCoin DAO.

1. Introduction of the Executive Director and Audit Committee, and clarifying the role of Special Council:

a. Establishing an Executive Director of the APE Foundation, responsible for driving ApeChain and ApeCoin ecosystem growth.

b. The Executive Director will be hired via a transparent process overseen by Special Council, Foundation Directors and the Audit Committee.

c. Establishing an Audit Committee, composed of holders of at least 10,000,000 ApeCoin, which will be responsible for providing oversight of the Executive Director. This Audit Committee will have the authority to perform a quarterly audit of the budget and finances of the APE Foundation. The Audit Committee will also have the authority to remove an Executive Director.

d. Rather than serving as the last filter before an AIP is put up for vote by the ApeCoin DAO, the Special Council's Administrative Review will no longer be a prerequisite for an AIP to go to vote by the ApeCoin DAO, and the Special Council will instead act purely as ambassadors of the ApeCoin DAO once on-chain governance has been implemented. This would include advocating for the ApeCoin DAO and the ApeCoin ecosystem, educating others outside of the DAO and providing advice and guidance to members of the DAO and Foundation. Upon the passage of this AIP, for the sake of continuity and in light of a monumental change to the ApeCoin DAO governance system, the current Special Council members' terms will each be extended for 6 months. All AIPs which have been approved by the DAO pertaining to Special Council elections will continue to be effective, including holding Special Council elections via Snapshot votes.

e. Once on-chain voting has begun and the Executive Director is hired, Special Council compensation will be changed from the current \$125,000 per year, to 100,000 \$APE per year. Responsibility for the selection, appointment and compensation of the Executive Director would be left to the Special Council, Directors, and Audit Committee.

f. Responsibilities previously assigned to the Special Council will be reassigned to the Executive Director. With the passage of this AIP, AIP-454 will be amended to remove references to the Special Council and instead replace their final oversight role with the directors and administrators of the Ape Foundation.

By adopting the below proposed Constitution, inspired directly by the ArbitrumDAO Constitution, the ApeCoin DAO will be empowered to have a stronger voice and on-chain authorities and powers to shape the future of the ApeCoin ecosystem and ApeChain.

Constitution of the ApeCoin DAO

This document lays out the Constitution of the ApeCoin DAO.

Some of the rules and procedures of this Constitution will be enforced directly by smart contracts on a blockchain, and some will not. All rules are equally binding. Actions taken under this Constitution may be on-chain or off-chain actions. On-chain actions are those that are actuated directly by the governance smart contracts of the DAO as transactions on a blockchain. Off-chain actions are those that are actuated by other means.

This Constitution also includes some “recommended guidelines” which are non-binding but strongly recommended as good governance practice.

This Constitution describes the procedures by which it may be amended and lays out the governance framework of the ApeCoin DAO and the Ape Foundation.

DEFINITIONS:

- AIP: An Ape Improvement Proposal
- Administrative Budget: The assets held by the Ape Foundation separate from the DAO Treasury.
- ApeChain: The canonical ApeChain blockchain utilizing Arbitrum Nitro technology
- DAO Treasury: All \$APE tokens held in a governance smart contract governed directly by the ApeCoin DAO and/or the Security Council of the Ape Foundation via on-chain voting mechanisms.
- Votable Tokens: All \$APE tokens in existence, excluding any tokens held by the Ape Foundation, including its Administrative Budget and the DAO Treasury (including any locked APE intended for the Administrative Budget and DAO Treasury)

Section 1: Chain “ownership”

This Constitution describes the decision-making framework for the ApeCoin DAO governance over ApeChain and the broader ApeCoin ecosystem.

ApeChain, utilizing Arbitrum technology, has one or more “chain owners” who have the power to take administrative actions that change ApeChain’s core protocol and code and/or alter any of its core parameters. The “chain owner” will also have the power to upgrade certain associated Layer 2 contracts. The “chain owner” will control affordances on the chain such as updating the contract implementation of any of ApeChain’s core protocol Transparent Upgradeable Proxy contracts, and adjusting system parameters via, e.g., setter methods in the ArbOwner precompile.

“Owner” privileges on ApeChain have been given to both the ApeCoin DAO and the Security Council of the Ape Foundation.

Section 2: DAO Proposals and Voting Procedures

The following process governs the rules and procedures by which the ApeCoin DAO may propose, vote on and implement Ape Improvement Proposals (AIPs). Each phase may only begin once the prior phase is completed, unless otherwise stated. No AIP may be in violation of applicable laws, in particular sanctions-related regulations. Any such AIP in violation of applicable laws, including sanctions-related regulations, may be vetoed by the Security Council.

Phase 1: Temperature Check (1 week): The AIP is suggested on the [Discourse](#) and discussed/debated for 1 week. The AIP should be accompanied by a [Snapshot](#) poll or other method as determined pursuant to the governance process, which can only be submitted by an address that can vote at least 250,000 Votable Tokens. The Snapshot poll also runs for 1 week, and is decided by a simple majority with no required participation threshold. An AIP that fails the temperature check must not be submitted for a vote.

Phase 2: KYC and contract negotiations (0-14 days): During this phase, if applicable, the Ape Foundation will be tasked with oversight and administration of the AIP, including, but not limited to, conducting KYC and contract negotiations. Coming to

contractual terms at this phase will allow for votes approved in Phase 4 to be self-executing.

Phase 3: Formal AIP and call for voting (3 days): The AIP is submitted via governance contracts on ApeChain, with a user interface available on Tally, Snapshot X, or another on-chain voting platform. The AIP proposer is required to have an address that can vote at least 500,000 Votable Tokens.

After 3 days, a voter distribution snapshot will be taken and the voting period will begin; this gives interested parties time to discuss the AIP and gather votes before the voter distribution snapshot is taken.

Each AIP must be labeled as Constitutional or Non-Constitutional.

A Constitutional AIP is one that:

- Process: Modifies the text or procedures of this Constitution
- Software update: Installs or modifies software on ApeChain
- Core: Takes any action that requires “chain owner” permission on ApeChain

Recommended guideline: DAO members should vote against any AIP that is incorrectly labeled.

A Non-Constitutional AIP is one that is not considered a “Constitutional AIP” including:

- Funding: Requests funds/grants or otherwise propose how to spend or allocate funds from the DAO Treasury and, so long as the Ape Foundation exists, the ability to clawback the remaining funds in the DAO-Controlled Drip Contract
- Informational: Provides general guidelines or information to the community but does not otherwise propose a new feature or update

An AIP should include:

- Team Description - A brief description of the team.
- Proposal Description - A summary outlining the proposal.
- Benefit to ApeCoin or ApeChain - An explanation of how the proposal benefits ApeCoin or ApeChain.
- Definitions - Definitions of any terms within the proposal that are unique to the proposal, new to the ApeCoin community, and/or industry-specific.
- Steps to Implement - The steps to implement the proposal, including the project’s start and end dates, any milestones and key performance indicators, any associated costs, personnel, and platforms needed for each step., and any requests directed to the APE Foundation for each step.
- Reporting Expectations - A schedule for sharing progress reports to the community.
- Overall Cost - The total cost to implement the AIP.

As a recommended guideline, the AIP author can add additional fields to any template if necessary to fully communicate the intentions, specifics and implications of the AIP.

Resubmitted AIPs should also include:

- A link to the original AIP;
- Changes that have been made and why it should now be approved; and
- Any additional fields to any template if necessary to fully communicate the changes made and the intentions, specifics and implications of such resubmitted AIP.

Phase 4: DAO votes on AIP, on ApeChain (13-15 days): During this Phase 4, the ApeCoin DAO will be able to vote directly on-chain on a submitted AIP.

An AIP passes if the following 2 conditions are met:

1. More Votable Tokens have cast votes “in favor” than have cast votes “against” (“Threshold 1”); and
2. In the case of a:
 3. Constitutional AIP, at least 3.5% of all Votable Tokens have cast votes either “in favor” or “abstain”; or
 4. Non-Constitutional AIP, at least 2.5% of all Votable Tokens have cast votes either “in favor” or “abstain” (collectively, “Threshold 2”).

The voting period ends 13 days after the start of voting. However, if Threshold 2 is reached within the last 2 days of the 13-day voting period, the voting period will be extended to end 2 days after Threshold 2 was reached.

The 13 day voting periods shall begin on the first and third Thursdays of each month.

If the AIP fails to pass, the process ends after this Phase 4.

If the AIP passes, then:

b. If it is a Constitutional AIP, Phases 5 through 8 below are carried out.

c. If it is a Non-Constitutional AIP, Phase 5 is carried out, and then Phases 6 and 7 are bypassed, after which the AIP enters Phase 8 immediately.

Phase 5: L3 Waiting Period (3 days): After an AIP has passed Phase 4, a 3 day waiting period occurs. This gives users who object to the AIP time to initiate withdrawal of their funds or take other action on L3.

Phase 6: Initiate and Finalize an L3-to-L2 Message (at least 1 challenge period of the rollup protocol): After the 3 day waiting period in Phase 5 has passed, an L3-to-L2 message is sent indicating that the AIP was passed. When this message is finalized on L2, anyone can redeem it to complete this step and initiate the next step. This step ensures that the completion of the L3 waiting period will be recognized on L2 after any withdrawals initiated during or soon after the voting period have been recognized on L2.

Phase 7: L2 Waiting Period (3 days): Following the completion of Phase 6, there will be an additional 3 day waiting period. This ensures that users who initiated withdrawals or other L3-to-L2 messages have time to execute them on L2 before the AIP takes effect.

Phase 8: Implementation: The AIP is fully executed and implemented. This may happen on L2 or via a transaction sent from L2 to ApeChain.

This AIP process as specified will typically require 37 days from the beginning of the temperature check in Phase 1 until an AIP is finally executed in Phase 7 for a Constitutional AIP, or 27 days for a Non-Constitutional AIP. An AIP may optionally specify further delay before its implementation.

Section 3: The Security Council

The Security Council is a committee of 11 members who are signers of a multi-sig wallet, which has powers to perform certain Emergency Actions and Non-Emergency Actions, as delegated to it by the ApeCoin DAO and the Ape Foundation, and is responsible for upholding this ApeCoin DAO Constitution. Through the submission, approval and implementation of a Constitutional AIP, the ApeCoin DAO is able to modify the Security Council's powers or to eliminate the Security Council entirely.

Equivalent "copies" of the Security Council multi-sig contracts exist, one on Arbitrum One and another on ApeChain.

Emergency Actions:

The Security Council has the power to execute any software upgrade or perform other required actions with no delay in order to respond to a security emergency, should one arise (such actions, "Emergency Actions"). Performing any Emergency Action requires a 7-of-11 approval from the Security Council. The Security Council must not use its power to perform Emergency Actions except in a true security emergency, such as a critical vulnerability that could significantly compromise the integrity, confidentiality, or availability of ApeChain.

After performing any Emergency Action, the Security Council must issue a full transparency report (at an appropriate time after the security emergency has passed) to explain what was done and why such Emergency Action was justified. These reports would be released on the forum and on Twitter/X.

The ApeCoin DAO is able to curtail or eliminate the Security Council's power to perform Emergency Actions via approval and implementation of a Constitutional AIP.

Non-Emergency Actions:

The Security Council may also approve and implement routine software upgrades, routine maintenance and other parameter adjustments in a non-emergency setting, as well as veto AIPs which violate applicable law or otherwise put the integrity, security and safety of the ApeCoin DAO, ApeChain or the Ape Foundation at risk. These actions ("Non-Emergency Actions") require a 5-of-11 approval in order to take effect. Any software related Non-Emergency Action, after approval by the Security Council, will bypass Phases 1 to 4 of the AIP process and instead directly go through Phases 5 to 8 of the AIP process, to provide a delay before any Non-Emergency Action is deployed. The Security Council may optionally specify additional delays before deployment. Other Non-Emergency Actions may be utilized during Phase 5 to ensure the security, integrity and safety of the ApeCoin DAO, ApeChain or the Ape Foundation.

The ApeCoin DAO is able to curtail or eliminate the Security Council's power to perform Non-Emergency Actions via

approval and implementation of a Constitutional AIP.

Section 4: Security Council Elections

The Security Council has 11 members, who are divided into two Cohorts of 5 and 6 members.

The members of the initial Security Council are:

Matthew Katz (Caldera)

Bill Lingafelter (LayerZero)

Quit (Yuga Labs)

Feld (Boring Security)

Roman (Ape Express)

Gerry (Ape Solar, Former APE Foundation)

BoredApeG (APE Foundation)

CaptainTrippy (Banana Bill)

Hazel (APE Foundation)

David (Chinese Ape Club)

Johnny (Chinese Ape Club)

The initial Security Council Cohorts will be determined by randomly splitting the 11 members into two cohorts - 5 members in the 'First Cohort' and 6 members in the 'Second Cohort'.

The first Security Council election is scheduled to begin on the 15th July 2025 or the earliest possible date. The election can only begin upon the availability of an on-chain election process that is approved and installed by the ApeCoin DAO. This first election replaces the 'First Cohort'. The next election replaces the 'Second Cohort' and so forth.

The date chosen for the first election will form the basis for all future elections. Every election should begin one year after the previous election has started and it will replace its respective cohort of 5 or 6 members.

All Security Council members are expected to serve their term until the election is complete and the new Security Council members are installed.

The following timeline governs an election that starts at time T:

1. Contender submission (T until T+7 days): Any DAO member may declare their candidacy for the Security Council, provided that a current Security Council member in one cohort may not be a candidate for a seat in the other cohort.
2. Nominee selection (T+7 until T+14 days): Each DAO member or delegate may vote for their declared contender. Each token may be cast for one contender. To the extent that there are more than six contenders, each eligible contender must be supported by pledged votes representing at least 0.2% of all Votable Tokens.
3. Compliance process (T+14 until T+28 days): All candidates will cooperate with the Ape Foundation and complete the compliance process. The Ape Foundation is responsible for removing any candidates that fail the compliance process.
4. Member election (T+28 until T+49 days): Each DAO member or delegate may vote for any declared candidate. Each token may be cast for one candidate. Votes cast before T+35 days will have 100% weight. Votes cast between T+35 days and T+49 days will have weight based on the time of casting, decreasing linearly with time, with 100% weight at T+35 days, decreasing linearly to 0% weight at T+49 days.
5. At T+49 days: The process for replacing the cohort of Security Council members with the [5 or 6 (as applicable)] candidates who received the most votes will be activated. The installation process must be executed via the on-chain governance smart contracts and it may take several days until the new Security Council members are installed. The outgoing Security Council members will continue in their term until the new Security Council members are installed.

The Ape Foundation is allocated 14 days for the Compliance process and it should be executed between the Nominee selection and Member election. The Ape Foundation has flexibility to update its compliance policy for every new election. This is required to allow the Ape Foundation to comply with Cayman Island laws. Furthermore, the Ape Foundation maintains the right to issue new procedures and guidelines for off-chain components of the Security Council election. All efforts should be made by the Ape Foundation to ensure an orderly, fair, and transparent election.

As a matter of best practice for maintaining an independent Security Council, no single organization should be overly

represented in the Security Council. In particular, there should not be more than 3 candidates associated with a single entity or group of entities being elected to the Security Council, thereby ensuring that there will be no single entity or group of entities able to control or even veto a Security Council vote.

Furthermore, no candidate with conflicts of interest that would prevent them from acting in the best interests of the ApeCoin DAO, ApeChain and/or the Ape Foundation should be elected to the Security Council. Potential conflicts of interest could be, but are not limited to, affiliations with direct ApeChain competitors, proven histories of exploiting projects and others.

The DAO may approve and implement a Constitutional AIP to change the rules governing future Security Council elections, but the AIP process may not be used to intervene in an ongoing election.

Security Council members may only be removed prior to the end of their terms under two conditions:

1. At least 3.5% of all Votable Tokens have cast votes either “in favor” of removal or “abstain”, and at least 5/6 (83.33%) of all cast votes are “in favor” of removal; or
2. At least 7 of the Security Council members vote in favor of removal.

The seats of Security Council members who have been removed prior to the end of their respective terms shall remain unfilled until the next election that such seats are up for appointment, unless otherwise replaced prior to such next election by a vote of at least 7 of the Security Council members, in which case such seat shall be up for appointment at the next such election. The Security Council may not re-appoint a removed member and they can only be re-elected via the election voting system.

Section 5: Data Availability Committee

Transactions occurring on the ApeChain are settled on Arbitrum One, with the underlying transaction data batches posted and stored by the members of the Data Availability Committee on a Data Availability Server (and not on Arbitrum One).

The members of the Data Availability Committee of ApeChain are the following:

1. Yuga Labs
2. Offchain Labs
3. Animoca
4. Caldera
5. Magic Eden
6. LayerZero Labs
7. Horizen Labs

Data Availability Committee members can be appointed and removed at any time pursuant to a Constitutional AIP approved by the ApeCoin DAO. In the event that a Data Availability Committee member is removed (and not otherwise replaced) pursuant to a Constitutional AIP approved by the ApeCoin DAO, or in the event that a Data Availability Committee member resigns without a replacement, the Security Council may execute an Emergency Action (7-of-9 approval required) to appoint a replacement for such removed or resigned Data Availability Committee member.

Section 6: Community Values

The guiding values of the ApeCoin DAO and the Ape Foundation, ApeChain, technology, and community are:

1. Boldness: We don't shy away from the weird, the hard, or the new.
2. Equality: One APE equals one APE.
3. Transparency: Processes and decisions are shared openly with the community.
4. Collective Responsibility: We leave everything better than we found it.
5. Persistence: Success is an ouroboros, not a straight line.

PLATFORMS & TECHNOLOGIES:

1. Snapshot
2. Tally, Snapshot X, or other on-chain voting platform
3. Arbitrum Nitro technology stack

STEPS TO IMPLEMENT:

Implementing ApeCoin DAO governor contract and adding it as an “owner” of ApeChain contracts (timeline: approx 1-2 months)

Moving 75% of treasury held by Ape Foundation to on-chain treasury (timeline: immediately upon implementation of governor contract)

Deprecating AIP-1 and AIP-2 via adoption of the ApeCoin DAO Constitution (timeline: immediately upon implementation of governor contract)

OVERALL COST

Total amount requested from the ApeCoin Ecosystem Fund = \$100,000 one-time cost + \$275,000 per year.

Estimated cost of building DAO governor contract, audits, and on-chain voting UI: \$100,000

Each Security Council member shall receive \$25,000 per year.

There are 11 Security Council members proposed. The total cost of which would be \$275,000.

This proposal meets the \$250,000 threshold and must have 69% of total cast votes “in favor” in order to pass.

[Click to expand Breakdown of Treasury Allocations](#)

Breakdown of Treasury Allocations:

Total APE unlocked & available: 19,342,665.34

Total APE locked: 110,156,250

Unlocked allocations if treasury split occurred today:

- Administrative Budget: 4,835,666 \$APE
- DAO Treasury: 14,506,999 \$APE

Locked allocations if treasury split occurred today:

- Administrative Budget: 27,539,062 \$APE
- DAO Treasury: 82,617,187 \$APE

All figures current as of January 15, 2025.

Note that the Administration Budget allocations are subject to an 18 month drip contract, with the timer starting from when the treasury moves on-chain.

*Available means not currently allocated to a grant via an approved AIP.

**Locked refers to the \$APE which is still locked and which unlocks monthly according to the ApeCoin tokenomics unlock schedule.