

PROPOSAL

This proposal seeks to inform Lido DAO and the broader Lido community of the details of the Lido Ecosystem 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 Ecosystem BORG Foundation will be established as described herein.

This proposal solely concerns the formation and initial operational set up of the Lido Ecosystem 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 Ecosystem BORG Foundation.
- The Lido Ecosystem 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](#) goal of enabling ecosystem growth to increase the adoption of Lido protocol and stETH, with a core focus of addressing and meeting institutional requirements.
- The Lido Ecosystem 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 Ecosystem 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 Ecosystem 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 Ecosystem 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 Ecosystem BORG Foundation

Assists with Institutional Partnerships

The formation of the Lido Ecosystem BORG Foundation assists Lido DAO through the establishment of a legal entity to enter into strategic partnerships with institutional partners that is bound by and restricted to the Purposes. This unlocks institutional efforts and improves responsiveness to current opportunities and challenges.

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 Ecosystem BORG Foundation, with the Board responsible for monitoring compliance (and having the authority to directly replace individual multisig members if necessary). This accountability is further reinforced by the publication of annual reports detailing the crypto assets held in the multisigs.

Easier Compliance

The formation of the Lido Ecosystem 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 Ecosystem 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 Ecosystem BORG Foundation.

Gradual Migration of Contracts and Multisigs

- The Lido Ecosystem 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 Ecosystem BORG Foundation.
- For the nominated multisigs to be wrapped, existing multisig members will be required to execute multisignature participation agreements with the Lido Ecosystem BORG Foundation, acknowledging and agreeing that 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 Ecosystem BORG Foundation. As described below, this will initially include Rewards Share and Liquidity Observation Labs (“LOL”).
- Existing contracts with third parties such as vendors and contributors can either be novated or assigned to Lido Ecosystem 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 Ecosystem BORG Foundation is designed to assist the Lido DAO by:

- developing and managing relationships with institutions, projects and DAOs that wish to participate in the Lido ecosystem, which may include rewards share programs (e.g., by staking using Lido protocol directly or allowing for others to do so, including any facilitation of their users);
- promoting the expansion and the use of (w)stETH across blockchains and other projects;
- streamline the process for expanding (w)stETH to new networks;
- educating the Ethereum community on Lido protocol;
- provisioning and distributing appropriate incentives towards high impact projects to (i) strategically boost liquidity in crucial stETH applications, and (ii) identify and aid potential applications that can enrich the stETH ecosystem; and
- undertaking other ancillary and related services to the foregoing,

(collectively, the “Purposes”).

The Lido Ecosystem 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 [GOOSE-1 goal #3](#) – ensure that stETH is the most used token in the Ethereum ecosystem and [GOOSE-2 goal #3](#) – expand stETH's Ecosystem with a Diverse Product Line to meet the diverse needs of Ethereum stakers and reignite growth.

Lido Ecosystem 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).

Benefits of new Lido Ecosystem 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 in addition to Lido contributor's institutional efforts, present both new opportunities and challenges.

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

1. Assist with Institutional Partnerships – There is currently no Lido Contributors Group (as defined in the 2022 Proposal) associated entity dedicated to partnering with institutional partners – e.g., Pool Maintenance Labs and Argo Technology Consulting are conventional technology and software development companies.

The Lido Ecosystem BORG Foundation, as a Cayman Islands based foundation, helps to better support the Lido DAO ecosystem towards advancing strategic opportunities and GOOSE goals, while allowing for transparent and effective

governance structures and feedback mechanisms between Lido DAO and the Lido Ecosystem BORG Foundation.

Institutional stakeholders are familiar with Cayman foundations (including Cayman Law and its associated crypto regulations) and are comfortable engaging with them. Lido Ecosystem BORG Foundation can go through required due diligence from partners whenever needed, unlocking the institutional opportunity by facilitating deals, grants and enabling trust with bigger institutions.

1. Additional Accountability and Transparency – Lido Ecosystem 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 Ecosystem 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 Ecosystem 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 Ecosystem BORG Foundation and acts as an enforcer, helping to ensure Lido Ecosystem 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 Ecosystem BORG Foundation further provide for increased accountability of Lido Ecosystem BORG Foundation to Lido DAO. The Bylaws, Memorandum and Articles of Association, Purposes, and directors of the Lido Ecosystem 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 Ecosystem 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 Ecosystem 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 Ecosystem 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 Ecosystem 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 Ecosystem BORG Foundation providing reports on the Multisigs and the assets therein. This facilitates oversight and reinforces the DAO’s ability to monitor and evaluate performance.

1. Efficiency – The Lido Ecosystem 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 Ecosystem 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 Ecosystem 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 Ecosystem 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 Ecosystem BORG Foundation, directors of the Lido Ecosystem BORG Foundation and multisignature members that will now be wrapped by Lido Ecosystem BORG Foundation.

Committees and Multisigs

The Lido Ecosystem BORG Foundation will help oversee and seek to “wrap” the [Rewards Share](#) and [Liquidity Observation Lab](#) (LOL) multisig wallets. It will further create a new operational funds multisig. It would also have the ability to adopt newly formed committees and multisigs, provided their activities align closely with the Purposes.

Rewards Share multisig wallets

- Exclusively for the purposes and resolutions agreed by the Lido DAO in [Rewards-Share Program 2024](#) and further DAO-approved Rewards Share Programs.
- Approves the rewards share applicant and the terms of the partnership.
- Authorizes the Board to sign contracts with the approved rewards share applicant.
- Facilitates the payout of the rewards share amount to the partners.

SAFE DAO Tokens Multisig

- Exclusively used to receive SAFE token airdrops to the Lido DAO and participate in voting for proposals in the SAFE DAO
- Public forum post : [Guardians Gather - Safe Guardians - Safe Community Forum](#)
- Address : [Safe{Wallet} – Stake](#)

Network Expansion Committee

- This committee formally recognizes (w)stETH token bridging endpoints and denominations on new networks as canonical, acting on behalf of Lido DAO
- Research forum post : [Establishing the Network Expansion Committee](#)
- Snapshot approval : <https://snapshot.box/#/s:lido-snapshot.eth/proposal/0x7cdf1af7cfcb472ae202c45fb6d7e952bb34bfc82113549986b2bc2d5f54c5>

LOL multisig wallets

- These multisig wallets are used to allocate liquidity incentives across the Ethereum ecosystem.
- Budget is determined as a part of [\[EGG\] Multi-EGG Continuity Grant Funding](#)
- stETH is wrapped to incentivize various LPs and protocols.
- Ethereum multisig is funded through Easy Track motions subject to DAO imposed limits, in case of L2 chains, tokens are transferred to secondary smaller L2 operational multisigs first.
- [Committees | Lido Docs](#)

Operational multisig wallet

- The Lido Ecosystem BORG Foundation will create a new operational multisig to hold operational funds held separately at the discretion of the Board.
- Operational funds are expected to be held in 3/5 or 4/7 multisig, but this will be confirmed when the Lido Ecosystem BORG Foundation comes back to the Lido DAO to request the permissions to Easy Track motion factories aimed for funding BORG's operational expenses.
- The Board of Directors shall propose configurations for this multisig such as 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) to be included in the nearest omnibus vote on Aragon.

Migration

- The Lido Ecosystem BORG Foundation will be established following the approval of this proposal to address the preeminent need for this entity.
- However, the migration process will be implemented gradually to align with operational readiness and any applicable regulatory compliance requirements.
- The Lido Ecosystem 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 Ecosystem BORG Foundation.
- Existing multisig members of the Rewards Share and LOL multisig wallets will execute multisignature participation agreements, acknowledging that the Lido Ecosystem 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 Ecosystem BORG Foundation, the Lido Ecosystem

BORG Foundation will come back to Lido DAO for EGG approvals as required to ensure funding continues past Multi-EGG Continuity Grant Funding periods.

- It is expected that future EGG approval for the new Foundation BORGs (including proposed Lido Labs BORG Foundation) would result in a phase out, including any appropriate buffer times to account for a phased migration from current Lido Contributor Group entities - ATC / PML / RCC (as noted in here: [\[EGG\] Multi-EGG Continuity Grant Funding](#)). No new EGG budget requests for the existing Lido Contributor Group entities (ATC, PML and RCC) are planned after the [Multi-EGG Continuity Grant Funding](#). Following the proposal's approval and the formation of Lido Ecosystem BORG Foundation, the Lido Ecosystem BORG Foundation will come back to Lido DAO, likely between February - March 2025, for:
- Onchain voting to add Easy Track factories for the operational multisig,
- EGG request for operational expenditures of the Lido Ecosystem BORG Foundation and for grant continuity for Ecosystem Growth through Rewards Share and Liquidity Observation Lab multisigs, which are proposed to be wrapped within the Lido Ecosystem BORG Foundation. 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 expenditures of the Lido Ecosystem BORG Foundation in relation to how it expects to advance latest GOOSE goals.

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 Ecosystem 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 Ecosystem BORG Foundation's multisigs established under the BORG framework. For LOL, the funding may be drawn from the Multi-EGG Continuity Grant Funding amounts outstanding until Best before date of 2025-06-30, then transferred onto any new EGG.
- The Board of the Lido Ecosystem BORG Foundation will manage its affairs in its best interests. The initial Director has a strong reputation within the Lido community and a close connection to the Purposes. He will be joined by a professional Cayman Islands-based director chosen for her technical and legal expertise in the crypto space, and potential valuable contributions to Lido Ecosystem BORG Foundation.
- The initial directors shall be [@adcv](#) of Steakhouse and [@sen876](#), a professional Cayman Islands independent director from Web3-specialist directorship service provider [Marfire](#).
- Lido Ecosystem BORG Foundation will raise a new proposal to Lido DAO around February-March 2025 which will include a detailed scope of work, deliverables and a budget request for the period of 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 Ecosystem BORG Foundation. Any remaining cryptoassets following the migration would be returned to the DAO Treasury.

VOTING & DISCUSSION

NOTE: This proposal solely concerns the formation and operation of the Lido Ecosystem 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 Ecosystem 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 Ecosystem 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](#)