

Summary

For background

- I suggest reading the Lido [DAO Core Contributors budget](#) to get a full picture of our operational needs.
- As well as [Lido to prepare for the bear market](#)

This proposal is looking to secure ~2 years of operating runway for Lido DAO, in stable coins. This will ensure Lido and its core contributors are able to continue the important work needed for the protocol in the long term and to flourish as an autonomous, self-governing collective.

To secure the operating runway we propose that Lido sells 2% of the LDO token supply from the DAO treasury (20m LDO) at a 7-day TWAP (time weighted average price) with 50% premium. Put simply this is a rolling 7 day average plus a 50% premium.

- DATA: [TWAP Calculation using Coin Gecko](#)
- Price calculated for this proposal is \$1.452153 USD per \$LDO

Lido DAO has already been approached by a number of interested parties, with Dragonfly Capital keen to lead this round. A benefit of selling to Dragonfly and to others joining the DAO, is their presence will help guide development, facilitate vertical integration of stAssets in the DeFi ecosystem and further cement Lido's position as the market-leading solution for liquid staking.

We believe this will benefit Lido and propose to finalize these transaction terms in a Snapshot vote to execute the deal in the coming week.

Speed of execution is a priority due to continued uncertainty in the market. As such, we will begin a snapshot vote in the coming hours in order to finalize things in the next week.

Motivation

Outside of the above mentioned operating needs, we are considering Dragonfly to provide support for DeFi projects and in-house expertise. Dragonfly has been a premiere participant in the DeFi ecosystem uniquely positioned to lend its expertise to LidoDAO governance and serve as a liaison to other DeFi project teams who can help further decentralize LidoDAO's community.

The other strategic partners who will acquire LDO in the transaction will play a similar role.

Purchase Structure

Terms

We jointly propose the following terms:

- 20M LDO (2% of supply) to be sold by the DAO treasury at a purchase price equal to \$29,043,051.43 in \$DAI stablecoin.
- Dragonfly Liquid to acquire 1%, or 10M LDO.
- Other strategic participants to acquire the remaining 1%, or 10M LDO tokens, with the exact makeup of this group to be proposed to the dao for approval.
- Dragonfly Liquid to acquire 1%, or 10M LDO.
- Other strategic participants to acquire the remaining 1%, or 10M LDO tokens, with the exact makeup of this group to be proposed to the dao for approval.
- Acquired tokens will be unlocked.
- Full voting power will be granted immediately upon closing of the sale

Pricing

We believe this is an appropriate marketable price for LDO to provide these new strategic partners with "skin in the game," enabling them to become independently incentivized participants in the LidoDAO.

Factors we have taken into account in proposing the price at which LDO are to be sold include:

- This immediately provides the DAO with runway while also putting a buffer in place to disincentivize immediate selling pressure. This of course is highly dependent on market conditions which is the risk we are facing currently.
- Value-add: We believe Dragonfly and other strategic partners will be valuable to the future decentralization and growth of Lido's ecosystem.

We are at the same time, working to build out a governance dashboard in order to track the activity of LDO holders so that we may hold them publicly accountable if they intend to be a part of the community.

- Additional Context: [Governance Research Mapping Exercise](#)
- The [Dual Governance Proposal](#)

About Dragonfly

Founded in 2018, Dragonfly Capital is a global, crypto-focused investment firm that is led by crypto-native investors who have been successfully investing in crypto for over 4 years. The Dragonfly portfolio includes foundational protocols and companies such as MakerDAO, Compound, 1inch, dYdX, Avalanche, ByBit, Matter Labs, and more. The firm's crypto-native investment and research team is uniquely qualified and deeply versed in token economics, game theoretics design, and technical architecture. Many are founders and engineers who have innovated on decentralized exchange architecture, protocol consensus and algorithmic stablecoins.