## Antecedents

One debate that has been ongoing since the beginning of this governance is the use of tokens allocated in project grants to increase the voting power of their delegates.

The first to speak on this topic was <u>@OPUser</u> when <u>@tongnk</u>, of Perpetual Protocol, self-delegated the 9M OP tokens he had received in Phase 1.

You can read the full thread here, f want to discuss the project driving its proxy power with the governance fund"

For the sake of governance and after intense debate, Perpetual Protocol decided torevoke the delegation.

As a result of this situation and at the beginning of the<u>reflection period</u>, the Optimism Foundation proposed in the new update of the "<u>Proposal Template V2</u>" that reads as follows:

"The expectation is that token grants will not be self-delegated for use in governance. The primary purpose of these token grants is to incentivize sustainable usage and growth of the Optimism ecosystem. If you plan to increase your voting power by delegating a portion or all of your grant tokens to your own protocol, or a closely affiliated party, this should be made clear in your grant proposal along with your reasoning."

However, despite these measures, this week we have again had a case of self-delegation of Synthetix OP tokens by delegating tokens to <a href="mailto:omastermojo">omastermojo</a> of the Synthetix Ambassador Council.

## TD.LR

While this is a case of self-delegation of tokens received in grant, I want to make it clear that this fact does not currently pose a threat to governance, nor to the votes that are in progress. Since the delegation was revoked prior to the snapshot that determines the voting power of each delegate at the beginning of the voting period (as made explicit in the Operating Manual).

This is a wake-up call for all of us to be attentive to this type of movements and look for better tools to mitigate this type of actions or at least detect them quickly and thus avoid a possible attack on this governance by a malicious agent.

## Chronology of events

On 08/24 on the <u>Sintetix discord channel @MattL</u> launched a campaign for community members to delegate OP tokens, in the same campaign he links to a mirrored guide, written by <u>@mastermojo</u> where he asks them to delegate to the <u>OPsnxambassadors.eth</u> address.

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On the same day, <u>Synthetix address</u>, which received 9M OP tokens<u>for the Phase 1 awards</u>, delegated approximately 8.9M OP tokens to <u>OPsnambassadors.eth</u> address, temporarily

giving them 27.76% voting power (prior to the delegation they had 0.56% voting power).

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The <u>delegation</u> of the 8.9M tokens occurred in block<u>20428907</u> on 08/24, in block<u>20550500</u> on 08/25 the delegation was <u>revoked</u>. The snapshots prior to the committee vote occurred between blocks 20558523 and 20558560. This means that the self-delegation of 8.9M was not included in this vote.

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1(https://optimistic.etherscan.io/tx/0x268c59e826624f8fa1df3d47e528cc4035ec28ed6b037c50f006e2ace053e54d)

The facts described above are in chronological order. I want to clarify that I am not against protocol delegates campaigning to receive votes, nor am I against self-delegation of tokens received via governance. I think self-delegation is fine as long as it is a transparent process or has been established in the protocol proposal.

## Summary

Although in this particular case it did not affect the outcome of any vote, in the future a similar action could affect

governance. I also believe that an explanation of the events by the Synthetix team would be good, so that we can learn from the mistakes and look for tools or protocols to minimize this kind of actions.

Finally, although this thread has some personal reflections and appreciations I firmly believe that all these events will lead us to be a better government. As I said before I am not against self-delegation of OP tokens received by grant, in my opinion this action should be in a transparent way and be explicit in the protocol proposal in this governance.

I would like to hear opinions and ideas to avoid this kind of situations, I also accept criticism if there was some kind of mistake in this thread.

Note: As I was writing this thread I am alerted by Discord that <u>OPUser had already made this warning about this self-delegation</u>, on 8/25 I think perhaps this caused them to revoke the delegation. Which leads me to ask if we delegates are not vigilant about these actions, what are the actions the OF should consider? How can we avoid this without keeping an eye on the <u>Dune board</u>? Should we have clearer rules?