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Point of contact:

If you want to book a meeting with us or learn more about the strategies, contact @erikbrinde on Telegram.

## 1. Introduction

Firstly we'd like to say thank you to the validators who reached out and encouraged us to submit a proposal in the spirit of competitiveness. Avantgarde is a crypto native treasury advisory and on-chain asset management firm, specialising in asset liability management, risk monitoring and on-chain diversification strategies. Avantgarde has conducted mandates for leading protocols including Uniswap, The Graph, Arbitrum, Nexus Mutual, Paraswap, Enzyme and others.

Although we are a bit late to the race, we would like to submit our proposal as we believe it can give substantial cost savings and better alignments of interest

to the dYdX community.

The value adds in our proposal:

- Our proposal is substantially less expensive

than other options currently on the table and aligns interests better.

- We are willing to commit to and provide KPI's

to hold ourselves accountable.

- We are happy to put clear procedures and projected impact

of the staking program in place before moving forward with our proposal (after the research phase).

In the next section, we break down the costs for all the components involved in the Treasury subDAO mandate, before offering our thoughts on the structure, cost and execution of each. We want to underscore the importance of your input in shaping key processes tied to the staking program, like the distribution of tokens, and very much encourage you to share your thoughts.

## 2. Cost Breakdown

TLDR:

Our quote for this work would be \$240,000 for Year 1

(which involves one-offs) and then drops to \$200,000 per year thereafter

(+5% annual inflation). The fee is payable in DYDX tokens, stables, or fiat at the end of each month at the prevailing rate.

The proposed mandate for the dYdX Treasury subDAO involves five key areas. We believe we can bring our expertise and knowledge in this space at a much more competitive cost. We elaborate on the details under each respective section below.

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\*Importantly, we are happy to link fees to performance but we believe this doesn't align incentives well. This is why we have opted for a fixed rate reflecting the work we believe to be involved.

\*\*Termination: A minimum of 6 months to get things running. Immediate termination is possible in the case of failing to deliver on pre-agreed OKRs. Otherwise 60 days notice is required.

### 3. Establish Cayman Foundation and Treasury Multisig

We work with two partners on a regular basis to set up and structure foundations in Cayman and the Bahamas. Our partner in Cayman would require estimated operating costs of \$35k per year (mostly director fees). Our partner has serviced leading DAOs with similar structures including Near, Arweave, Attestant and others.

### 4. Develop a Staking Program

This requires some up-front work to design a staking program. Our estimate is that this will cost \$30k to research (1 dev, 1 quant for 2 months each) and \$5k to implement (researching operational angle, deployment, infrastructure and rebalancing as necessary). After that, we expect a cost of \$2k/ month to maintain the staking program.

In selecting validators, we will look to follow the dYdX Foundation's stake delegation principles where appropriate, including validator independence, decentralisation, and periodic review & rebalancing. We will also look to prioritise validators who measure well against the dYdX Foundation's best practices for dYdX Chain validators, such as high & consistent uptime, slashing mitigation, governance participation, and transparency.

At the macro level, our approach will focus on balancing chain security and decentralisation.

Deliverables:

- Research & develop clear, publicly available criteria for validator selection incorporating all of the above
- Implementation of this program
- Maintenance & rebalancing accordingly

### 5. Treasury Diversification

We recommend that treasury is diversified in stages to manage price impact and timing risk, with a longer term goal of diversifying the DYDX in the treasury. Before deploying and allocating any stablecoins, we would establish clear risk parameters and adhere to strict investment guidelines which will be available transparently to the community.

Accumulated stablecoin holdings can earn yield in a number of ways, including strategic utilisation of DeFi protocols, RWA's and on-chain funds. Avantgarde has a track record of running institutional grade strategies designed for DAOs to earn yield on stablecoin reserves in this manner. We will consider utilising MegaVault, Noble and future protocols within dYdX Chain, as well as strategies within the broader Cosmos/IBC ecosystem where deployment could contribute to additional revenue and ecosystem growth.

### 6. Reporting

We are committed to delivering comprehensive and transparent reporting to the dYdX community by providing regular updates on treasury performance, financial health, and strategic initiatives to ensure all stakeholders have clear insights into financial performance and strategic decisions. We would build a dashboard to report on all positions in real-time, which we can develop & maintain at \$2k/month.

- Real-Time Data Dashboard:

Monitor positions and activity 24/7.

- Quarterly Reports:

Detailed reports provided every quarter, including: \* Progress against key performance indicators.

- Financial overview that outlines the treasury's asset allocation, performance, and yield generation.
- Explanations of any significant variances between forecasted and actual performance.
- Progress against key performance indicators.
- Financial overview that outlines the treasury's asset allocation, performance, and yield generation.

- Explanations of any significant variances between forecasted and actual performance.
- Monthly Calls:

We will be happy to host monthly updates with the community to report on progress.

## 7. OKR's & Accountability

We look forward to collaborating with the community to develop specific OKR's and milestones to work towards. These could include:

- Staking program performance
- program level targets on pre agreed aggregate validator performance metrics
- Diversification
- Specific diversification milestones for the treasury across agreed timeframes
- Performance on stablecoins
- a target for the level of yield generated by stablecoins within pre agreed risk parameters.
- DYDX sale
- specific parameters for managing the reallocation from DYDX holdings, to minimize price impact.
- Reporting & transparency
- Maintaining adherence to pre agreed reporting requirements in line with stakeholder feedback.

## 8. The Avantgarde Team

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The core team behind Avantgarde brings a wealth of experience from reputable firms like Goldman Sachs, BlackRock, Genesis, and Messari; and have been involved in DeFi since as early as 2016, most notably building the on-chain asset management protocol [Enzyme](#) which went live on mainnet in 2019.

Key team members that would work on this include:

Mona El Isa

- 10 years as a market maker and managing money at Goldman Sachs
- 4 years as a portfolio manager (Long/short equity)
- Founder of on-chain asset management protocol Enzyme in 2016
- Founder of Avantgarde Finance and passionate about on-chain asset management
- Studied Economics and Statistics at UCL

Ainsley To

- 10+ years in asset management as a portfolio manager & Head of Multi-Asset
- 3+ years in crypto research for Genesis, Messari, and in academia
- 2+ years running onchain DeFi strategies
- PhD in Finance and MSc in Risk from EDHEC, BSc from Imperial College

Frances Edwards

- Over 20 years of global investment and asset management experience across Traditional Finance and Digital Assets

- 7 years as COO including BlackRock
- Product structuring and distribution specialist with a background in funds (onchain and public), segregated mandates, structured products & derivatives

#### Gabriel Rochelau

- Smart contract developer, full-stack developer, and Ethereum Core Developer
- DeFi R&D at Avantgarde, specialising in research and analysis of DeFi protocols and emerging opportunities
- Trained in Actuarial Sciences and extensive experience in blockchain technology as protocol developer for Enzyme protocol

#### Erik Brinde

- +5 years blockchain research and governance
- Currently contributing to Uniswap, Arbitrum, Safe, ApeCoin
- Previously doing governance and research for a genesis Cosmos validator
- Holds two Master's in Political Science and Political Economy
- Previously published and contributed to research on public sector blockchains, digitalisation, and comparative politics