

Hello everyone,

Posting a bit of a recap of some points I took during the call we had with Matt Losquadro (Synthetix Comms Lead), in regard to their Protocol's governance framework and functionalities.

Firstly, Matt gave us a quick summary of Synthetix's history from a governance perspective. Initially the protocol had a Foundation entity that undertook most of the decision-making functions within the protocol's ecosystem. However, the founder (Kane), decided that they should transition to a more inclusive system so as to reduce information asymmetry and involve the protocol's underlying community in certain decision-making roles within the protocol.

They first started with conducting governance (Synthetix Improvement Proposals) through discord emoji polling! A basic voting system wherein a user would vote with the prescribed emoji in favour and with the prescribed emoji against. Naturally, we might look at this now and laugh, but at the time, this was most probably one of the first iterations of community-involvement in DeFi protocols and thus, it was quite a novel idea at the time that transitioned (slowly, but surely), into the governance frameworks we have today.

Following this, as previously stated, the founder Kane thought that the Foundation setup was top-heavy in nature (from a decision making and information asymmetry perspective), and thus, a switch to a 'Representative voting model' was made. This representative voting model for certain councils and committees was adopted by virtue of quadratic voting (if you want to learn more about quadratic voting refer to the following links: [Quadratic Payments: A Primer](#) // [Quadratic Voting: How Mechanism Design Can Radicalize Democracy by Steven Lalley, E. Glen Weyl :: SSRN](#)). However, quadratic voting was not implemented in regard to the appointment of Treasury Council members (they implemented a direct staker token vote in a 1:1 manner). This is naturally primarily due to the fact that the Treasury Council is a pivotal arm of the protocol as it holds the protocol's treasury and, unfortunately, there are ways and means to use quadratic voting in such a way as to manipulate a vote (it would require a lot of effort however, it can be done) (you can refer to the following if you want to learn about the pitfalls of quadratic voting: [The User Experience Problems Of Quadratic Voting](#)).

You can find the detailed setup of the Synthetix committees and councils here [Synthetix - Governance](#)). What I am particularly a fan of is the interoperable nature of the different committees and councils within the protocol. This is potentially something we can also put to use following the setting up of all necessary subDAOs - wherein one subDAO would be a 'check and balance' of another subDAO or otherwise, provide a service to another subDAO provided it falls within the purposes of such subDAO.

From a technical and legal perspective (here comes the part i'm always interested in but that you'll all find boring haha!), I really like the fact that Synthetix does not provide the exchange services/trading services in relation to perps itself, but rather 'outsources' the offering of such a service to third parties who want to host a Front-End to offer it (refer to [Perps Integration Guide - Synthetix Docs](#)) I was also very please to hear from Matt that the front-end hosting 'application' is completely permissionless and that anyone can technically run a front-end.

For the legal part, there is currently no legal structure in place as the Foundation was dissolved. Members of the different committees and councils can technically contribute through their own legal entities, but the councils and committees are not legal entities themselves. This might cause issues to some users wanting to declare their income from such councils and committees in certain jurisdictions, but that's another issue altogether!

Matt and Clifton also raised some very valid points in regard to the forward-looking approach currently being undertaken by Optimism, wherein numerous (almost quarterly) governance-related experimentations are being undertaken so as to figure out the optimal governance framework that could be leverage to ensure transparency and community-involvement (This is a very interesting video on the topic: [The Iterative Nature of Optimism Governance - YouTube](#)).

All in all, it was a very productive and interesting call! I would like to thank [@Cliff](#) for organising and Matt Losquadro for answering questions and discussing the topic in general. Thank you!

Should you have any questions, please feel free to post them below!