TimeBoost as staking value source. Exploration, research, and analysis.

tl;dr

One of the original goals of TimeBoost is to "help increase revenue for the ArbitrumDAO." The DAO should choose a percentage of Timeboost revenue it feels comfortable with based on this analysis, and direct that much directly towards staking yield.

References

Blockworks research:

docs.google.com

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](https://docs.google.com/document/d/12pXp1r7nR0YCbVITX7HeyDgyfxMsplbpOW2xt1rxOoE/edit?tab=t.0#heading=h.79nw6hr9cnid)

Timeboost Revenue and LP Impact Analysis

Timeboost Analysis Although this was not requested by the DAO advocate for the ARDC, in light of the Timeboost proposal vote, Entropy's request, and the general concern around the impact Timeboost may have on LPs, Blockworks Research has performed an...

Design Spec:

github.com

GitHub - OffchainLabs/timeboost-design

Contribute to OffchainLabs/timeboost-design development by creating an account on GitHub.

Timeboost forum discussion:

Constitutional AIP: Proposal to adopt Timeboost, a new transaction ordering policy[Proposals

](/c/proposals/7)

It depens , there are offesting incoming unlocks to be liquidate as well , dear@cp0x burning is also a tools , that keep EIP1559 monetary policies align with the interest of the ultrasound features of gaz . Think more like tools that is can be use as monetary policies when it is needed (for contraction & expansion of the supply). To keep stuff in check .

Expectations

Arbitrum is soon releasing TimeBoost, which will allow the network to capture more fees from MEV with control by Arbitrum DAO, and an offchain API provided by the Sequencer.

Based on research by Blockwords, the DAO should expect between $19M and $95M in recenue per year. Although many assumptions were made to get this projection.

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Projections

Yield APR = (Timeboost fees earned) * (Percentage of Revenue Shared) / (ARB Staked Value) * 100

Google Sheets Calculations.

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Depending on market scenarios and amount of staked ARB, on the high end 5% of Timeboost revenue could add as much as 4.48% APR for 200,000,000 ARB, and up to 13.44% APR for 200,000,000 ARB at 15% of revenue.

To make it easier to play with these numbers and see for yourself what different courses of action combined with different market scenarios would look like, you can use this fun widget I made:

https://timeboost.replit.app/

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Analysis

Pros

- High expectations of income.
- Revenue is in ETH. Timeboost revenue is currently planned to be in ETH, although the DAO can update this in the future
- Sustainable revenue stream. This income will be recurring and continue indefinitely.

Cons

- Negative treasury impact, as these funds are currently planned to the DAO treasury or could go back into the Apps and Projects on Arbitrum which generate the fees.
- Revenue will fluctuate greatly with the market.

Timeboost revenue may change by wide margins depending on trading volatility, market conditions, amount demand for leverage in the system, and the over-all macro economy. So it may be hard to plan around or find consistent yield.

Feasibility

At a technical level it is trivial to forward revenue directly from the sequencer to the DAO treasury, as planned, or split those funds and send ETH to the staking smart contracts. It's feasible to direct a percentage, as set by the DAO, of TimeBoost revenue towards ARB staking. This could be done via the DAO funding staking smart contracts after TimeBoost income goes to the Treasury. Or it could be done more directly, as we recommend, where TimeBoost income goes directly to a staking Smart Contract from the Sequencer with parameters set by the DAO.

Proposal

The DAO should choose a percentage of Timeboost revenue to set aside from the Treasury, in ETH, for use in staking. Other community members have suggested giving a percentage of Timeboost revenue to app developers or network users, so its not advised at this time to take all of the expected revenue.

We propose giving the DAO the option to route 5%, 10%, or 15% of TimeBoost revenue towards ARB staking.

Justification

The justification for choosing 5, 15, or 25% as a recommendation is delegates feel there are many other valid uses for this revenue. It may be that its most fair and positive sum for Arbitrum as a network to share this revenue with builders who create apps that generate it.

Most liked comment in original Timeboost proposal comments: Constitutional AIP: Proposal to adopt Timeboost, a new transaction ordering policy - #14 by JoJo

edit: I've included this just to show that this is one of many good ideas for where timeboost revenue should go.

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After polling in the [

General

](/c/general/4) channel of the Arbitrum governance telegram chat, we found most respondents had a strong preference. We also received 5 private communications from delegates confirming this.

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This combined with the fact that the earned ETH was originally meant for boosting the treasury leads to our recommendation.

Revenue Bounds

As mentioned in the Cons section, Timeboost revenue may change wildly depending on market conditions. It is possible that conditions may change over time and if Arbitrum grows significantly, then the amount of capital going to staking via timeboost as a source will be to much. And vice versa if market conditions worsen for prolonged periods. Therefore, the DAO should assign ARDC, or contract Blockworks directly, to review market conditions and update the percentage of timeboost revenue going towards staking or other sources at various intervals, like every 3-6 months for example.