

Optimism is experiencing rapid growth, but this is a double-edged sword. Currently, Optimism is a centrally operated network where, as far as I'm aware, unknown entities across Optimism Foundation, OP Labs or associates hold complete rights to produce blocks and all funds in the bridge. I hold rollups to a much higher standard than this, a similar standard to Ethereum itself, and currently it's not currently being met.

Of course, I'm looking to be pragmatic and understand the lay of the crypto landscape - and acknowledging the competition - like Solana, Cardano, BSC, Arbitrum etc - are also very much unfinished, in different ways. This is an industry where people are willing to take massive risks on unfinished protocols, which is why I'm supporting Governance Fund proposals thus far. However, it's important for this to not get out of hand. It's not just that Optimism can run away with all our money - they have proven to be reputable entities - but it also comes with significant regulatory risk. If Optimism becomes a multi-billion dollar network, it's almost certainly going to catch the attention of the authorities, particularly with its ties to the USA. The bigger the network gets, the exponentially greater the risk for a black swan event becomes. I believe Optimism should be focused on building for the long term, over a 10-year horizon. It's not worth taking any undue risks in year 1.

I believe we have achieved a pretty good spread of incentives across a number of protocols already, with incentives set to flow for the next 6 months or so. Some of the first projects have gone live with incentives, with a majority yet to follow. We have seen TVL and interest in Optimism skyrocket, and there's more to come. The \$OP token now sits at an FDV that's only behind BTC, ETH, BNB, ADA and SOL, at this moment on par with DOT.

This is where we have to strike a balance, and pause further voting cycles till minimum viable decentralization has been achieved. To me, minimum viable decentralization looks like:

- No backdoors for Optimism Foundation/OP Labs/centralized entities to the smart contracts. So, no centralized entities can make emergency upgrades without notice. Instead, most upgrades go through the regular governance vote, with an emergency council voted on by stakeholders. [I have some thoughts on this earlier, but it can be simpler than this](#)
- Some simple way for anyone to build blocks if the Optimism Foundation/OP Labs sequencer goes offline, perhaps have a whitelist voted by governance that can just replace the sequencer. Properly decentralized sequencers not necessary, [but hope to see build up to that](#)
- Semi-permissioned fraud proofs: Fraud proofs are live, and perhaps we can have a whitelist approved by Optimism Foundation and/or governance. Like sequencer, this is a 1-of-N assumption, so I'm not too concerned if it's not permissionless to begin with - though that should certainly be expedited.

In short, it's unacceptable that Optimism Fnd (and associates) holds a backdoor, there are no fraud proofs, and it's not acceptable that only Optimism Fnd can produce blocks. To be clear, it's fine if Optimism Fnd produces blocks most of the time, but there should be a backup if it cannot.

So, practically, what does the roadmap look like? We will certainly have to wait for Bedrock till these can be implemented, so I'm looking at Q2 2023. I expect current incentives to run through mid-Q1 2023, so there won't be too much of a lag.

Finally, I'm not saying we should shut down all Governance Fund proposals - we can definitely have a committee which pre-approves certain exceptional/urgent proposals that make a big impact with low risk. I'm just recommending pausing the traditional process and delaying Season 2 till MVD is achieved.