

By GFX Labs & co-signed by [@millie](#)

Dear Optimism Community,

As OP delegates and token holders, we are committed to the progressive decentralization of Optimism and the Optimism Collective. The Collective and OP token started 200 days ago, and since then, the community and protocol have made significant progress toward its goal of supporting public goods, and the Optimism Labs team has continued to be on the bleeding edge of L2 development.

Over the last five months, OP holders have utilized Snapshot to conduct voting for its grant program. We thank Snapshot for offering a free service that thousands have utilized that is a building block in DeFi governance; however, as a project matures, the governance processes must mature with it. GFX Labs believes it is time for Optimism to transition its governance system to on-chain voting. While the appeal of utilizing Snapshot is for many that it is a free service, OP tokens are not burdened with the same costs as L1 protocols. Additionally, by migrating away from Snapshot, the governance process will become widely accessible and thus easier for many OP holders to participate.

On-chain voting is the expectation of every quality, decentralized project with a governance token for a good reason. It requires the protocol to make the management of the protocol and its contracts objective. Voting on-chain is transparent and permanent. With on-chain governance, token holders will also manage the treasury and functionality of the protocol directly. In short, it is the gold standard for decentralized governance.

However, we think a good first step would be to swap out Snapshot for on-chain governance polling, and once a couple of months have passed, then proceed with further steps of decentralization away from team control. For example, after on-chain polling, the foundation could transfer the OP token treasury from their multi-signature contract to the OP token holder's treasury, and eventually, as core protocol development progresses, the DAO could and should manage the ownership of those contracts as well. Overall, the idea is to continue the process of progressive decentralization. Gradual decentralization on a stated timeline would represent a major improvement to today – where votes have to be hand adjusted

by humans in order to avoid disenfranchising thousands of OP addresses that have delegated their votes to a variety of persons.

The OP token is a standard governance token, so it will be compatible with most popular governance systems. Alternatively, the community could tailor-make its own system. Since these requirements are consistent with most token governance systems, it would be best to adopt an existing, popular, and time-tested solution like Compound's Governor Bravo, which is also utilized by Uniswap and many other protocols.

Governor Bravo is a relatively simple governance system. The participants need to choose the proposal threshold, the number of votes an address must have to make a proposal, and the quorum threshold, which is the number of votes a proposal must have to succeed. There are three time parameters to choose from: the review period, voting period, and timelock period (unimportant for deciding off-chain events but very important for on-chain activity).

The Collective could institute a similar quorum threshold and timing to the existing system. The only major change with this system is that each proposal must have a proposer with the necessary votes. As it stands, the foundation manages the process of posting proposals to Snapshot once two delegates with sufficient voting power have given their approval. In an on-chain system, these delegates must send the proposal themselves. We don't see this as a material modification and think it has substantially more upside than downside because it requires delegates to have the conviction to sponsor a grant application formally

. This exposes delegates to reputational risk if they put forward low-quality proposals.

While there might be a concern of on-chain voting costs, we'd like to propose a few solutions to OP token holders' concerns. First, to put things into perspective, voting on mainnet costs about \$3.60 at a gas price of 30 Gwei; on Optimism, we project voting to cost approximately 14¢. If 14¢ is too expensive, Optimism could set up a free voting interface for voting via signature similar to Snapshot, but where all votes are broadcast on-chain like [comp.vote](#) & [uni.vote](#). Ultimately, there will always be a cost to on-chain governance, but OP token holders should remember that there is no such thing as a free lunch. Perhaps even more importantly, if Optimism's costs are so high that it is prohibitive to vote, then Optimism is a stunning success for attracting traffic and requires secure, reliable voting more than ever.

Additionally, we are aware of millions of OP votes and thousands of delegations that are regularly unable to participate in the protocol governance due to the Collective's reliance on Snapshot. While this hasn't significantly impacted the historical management of the protocol, it could become a fundamental issue as OP token holders assume more responsibilities in the protocol. While the stakes aren't critical at this moment, we think it's best to close the chapter of utilizing Snapshot and move to an on-chain governance system while stakes are still low.

GFX Labs will do its best to answer any questions over the next week. If the general reception is warm, we'll submit a formal proposal to move off Snapshot and onto on-chain governance the following week.