

RHCDAO Strategy Creation Protocol

This document outlines the route by which members of the DAO can take in order to propose and create automated investment funds.

Step One: Strategy Application

Strategies are proposed before they are implemented following the DAO Governance Proposal Protocol. Though maintaining a similar structure to the general proposal format, they also include the following additional fields:

- strategy thesis: investment thesis
- strategy specification: detailed description of strategy
- allocation requested: amount of capital to place in new fund
- fee structure: management fee, performance fee, and entrance fee
- commons-share: percent of profits to be diverted into the commons fund
- compensated proposed: amount in DAI to be awarded to team or individual that implements the strategy

Step Two: Proposal Protocol

Since this is documented in detail elsewhere, i will simply list the major steps in the interest of brevity.

1. Proposal Drafting
2. Community Discussion
3. Final Draft Submission
4. DaoHaus Proposal
5. Proposal Sponsorship
6. Governance Call
7. DaoHaus Voting
8. Grace Period for Rage Quitting
9. Proposal Processing
10. Implementation

For a more detailed description, see [governance.pdf](#)

Step Three: A Passing Strategy Proposal

After the DAO has decided that this is a strategy they would like to have implemented, the board is responsible for assigning and overseeing a team of developers to implementing the strategy into an automated investment bot. In exchange for implementing the strategy, the team is awarded the proposed compensation for the strategy.

To build the investment bot, the team will be using enzyme finance's Software Development Kit for typescript.

Notes

Multi-Sig

The members of the board will manage a gnosis-safe multi-signature wallet (wallet that requires multiple signatures for transaction approval) that will be directly linked to enzyme finance, a smart-contract that transparently enables asset-management and fund administration on the ethereum blockchain. The multi-sig will be used for signing transactions on the enzyme investment account and enabling the DAO's investment bots to rebalance the accounts. Though the board members have control in signing transactions for the DAO, both their transaction approvals and the DAO proposal approvals are freely available for members to audit so that anytime a board member's actions are not aligned with the decisions of the DAO, they can be removed and or replaced by the members of the DAO.

Interacting with the Funds

Members and non-members alike can invest in the various funds created by the DAO by using <https://enzyme.finance/>, a decentralized asset management infrastructure built on ethereum.

An Example

Consider a simple example of the creation of a crypto-long-volatility index fund its life-cycle within the DAO.

1. A member named Alice has the idea for a long-volatility crypto-asset investment strategy!
2. Alice starts by drafting up some notes and sending some messages in the mattermost server to ask for opinions and comments on her new idea
3. After piecing together a proposal draft with the help of the community input she received when asking for opinions, alice submits the draft on github and asks for more feedback.
4. Once alice has finalized her proposal, she resubmits the final draft and uses DAOHaus to officialy submit her proposal on the smart-contract.
5. At this time, another member named bob recognizes and appreciates alice's proposal as having value, and sponsors it by depositing 10 DAI into escrow by the smart-contract
6. Having received a sponsorship, alice's long volatility strategy proposal will now receive an official vote, and have a governance call scheduled by tuck during the voting period.
7. During the 7 days following bob's sponsorship, all members can vote on alice's strategy
8. After the voting period, a 7-day grace period begins in which all members who are unhappy with the outcome and voted on the opposition have the right to exit and redeem all of their shares before the new strategy is contracted.

9. If alice's strategy passed a vote, the board will now assign a team to implement the strategy in an automated investment algorithm which will be transparently available to all members through the github.
10. Once the strategy is implemented, it is deployed and connected to the enzyme smart-contract, automatically managing the funds according to the strategy proposal.
11. At this point, members and non-members alike can now visit enzyme finance and invest in the strategy