



Governance Structure Overview

DXdao is a collective organized around a set of smart contracts on the [Ethereum Blockchain](#) and on [xDai Chain](#). The smart contracts are based on the [DAOstack framework](#), which uses holographic consensus and a reputation-based, non-transferable voting power model.

The DXD token is the liquid financial value of DXdao. In the current governance model, only Reputation (REP) holders have voting power on DXdao's voting interface, but in the upcoming Governance 2.0 upgrade, both DXD and REP are required for governance participation.

Decentralization is at the heart of DXdao's operations and products. The DXdao community makes decisions as a collective through a flat hierarchy structure. Our treasury lives on the Ethereum blockchain, and all budgeting and strategy decisions require an on-chain vote.

- Reputation-based governance
- Holographic Consensus
- DXD Token
- Governance 2.0
- Alchemy
- Governance Culture

Reputation-Based Governance

In contrast to many other on-chain governance systems, DXdao uses a reputation-based governance system, instead of token-based governance. Reputation or "REP" in DXdao is

associated with a specific Ethereum address. It cannot be transferred and can be slashed. Over 460 addresses hold REP in DXdao. During the initial staking period in 2019, 1 million REP was distributed to 399 addresses. Since then, 61 addresses have earned REP through contributions to DXdao and over 540k of additional REP has been distributed. Each full-time contributor is entitled to 0.1667% of total REP a month, and other programs like REP boosts reward community members that make positive contributions with REP.

Holographic Consensus

For quorum management and proposal prioritization, DXdao employs Holographic Consensus to ensure the most important proposals are brought before REP holders. In the standard proposal track, proposals must pass with an absolute majority (50%+) of DXdao REP. With Holographic Consensus, proposals can enter a 'boosted track' where they can pass with a simple majority with no quorum required. Proposals can be boosted by any address by staking GEN, DAOstack's native token, on the proposal, predicting the proposal passes.

A proposal enters the boosted track when it has 24 hours of remaining above the scheme's minimum threshold. During this time, others can downstake the proposal with GEN, betting that the proposal will fail. For each proposal, DXdao supplies a small GEN bounty to incentivize stakers, who will be rewarded for staking correctly on the ultimate outcome. The minimum threshold is dynamic and determined by the number of boosted proposals in the scheme's queue.

More information can be found in [DAOstack's Holographic Consensus explainer](#) and [in the information tab in each scheme](#).

DXD

DXdao launched the DXD token through a bonding curve smart contract in May 2020. DXD is entitled to profits from DXdao products and is the liquid financial value of DXdao. In the original bonding curve design, revenue from DXdao products were to be sent to the buyback reserve where DXD could be exchanged for ETH. So DXD could be 'sold into the curve' for ETH could be 'deposited in the curve' to mint more DXD at a linear increasing price.

REP holders voted to [halt the bonding curve](#) to prevent additional DXD from being minted. A proposal changed the parameters of the DXD bonding curve contract to set the minimum accepted investment of ETH at an extremely high integer, preventing any more buys.

Outside of upcoming governance inclusion, the community is exploring other ways of driving value to DXD holders from reduced fees to this buyback itself. Meanwhile, others are attempting to build a more systematic approach to DXD value accrual.

Governance 2.0

DXdao was spawned in 2019 through an initial Reputation (REP) staking period meant to decentralize voting power. In 2020, DXdao launched the DXD token to raise capital and capture economic value from its products. These core primitives of DXdao were launched without being sustainability intertwined.

To address this, DXdao created a working group and ultimately came up with a solution, dubbed Governance 2.0 which unifies DXdao governance under both REP and DXD holders through a new voting power equation that requires both REP and DXD. An address's voting power is determined 50% by the REP Influence Score.

DXD Influence Score: $\text{DXD staked} * (\text{Future months staked}/6)^{0.75}$. DXD can be staked in a governance contract or LPing in DXdao products.

REP Influence Score: $\text{REP} * (1 - (\text{Months since last REP issuance}/24))^{1.5}$

See [blog post](#) and [passed signal proposal](#) for more information.

Alchemy

Alchemy is the most commonly used front-end to DXdao's on-chain governance system that was created by DAOstack. On DXdao's Alchemy portal, REP holders can vote for on-chain proposals for the budgeting, resource allocation, and strategy decisions of DXdao.

Anyone can make proposals on Alchemy. A proposal is equivalent to a project pitch that contains an explanation of objectives, methods, costs and milestones of the proposed project.

Anyone can predict through staking GEN tokens on whether a proposal is going to pass or not. This helps guide the collective voting process by sorting and prioritizing the proposals.

Alchemy created the Genesis Protocol, which is an implementation of holographic consensus as a smart contract on the Ethereum blockchain.

- **On-Chain Voting.** Alchemy requires an ethereum address to incur REP on and vote. The Ethereum address is where these parameters are stored (not where the protocol itself is).
- **Activation Time.** Represents that date and time, represented in Unix time, when proposals can be submitted.
- **Queued Vote Period Limit.** A non-boosted proposal is open for voting for 21 days.
- **Boosting.** Anyone can boost a proposal by staking GEN to show confidence in the proposal's passage. Proposals that are boosted receive a shorter vote time of seven (7) days. Once a proposal is boosted, the proposal's vote time will shorten after 24 hours, if no one stakes against the proposal's passage.
- **Proposal Reputation Reward.** ETH addresses may claim REP for making proposals that pass.
- **Pre-Boosted Vote Period Limit.** DXdao currently has a pre-boosting period of one (1) day, which is the length of time that a proposal must maintain a confidence score (upstake divided by downstake) higher than the boosting threshold to become eligible for boosting.

Governance Culture

Community discussion takes place in the [DAOtalk forums](#). All proposals start in the forums to gather feedback from the community. The forum is also a way to bring up new product ideas or organizational improvements.

General community discussion and engagement occurs in a [Discord server](#). Questions around products and governance decisions are answered there. More detailed community discussion takes place in [the Keybase chat](#).

DXdao also holds open meetings every work day at 15:00 UTC at <https://meet.jit.si/dxdao>. All governance discussions, which take place on Wednesday, are recorded and can be found on a [Youtube channel](#).