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# Y-Foundry DAO

Caretaker Multisig

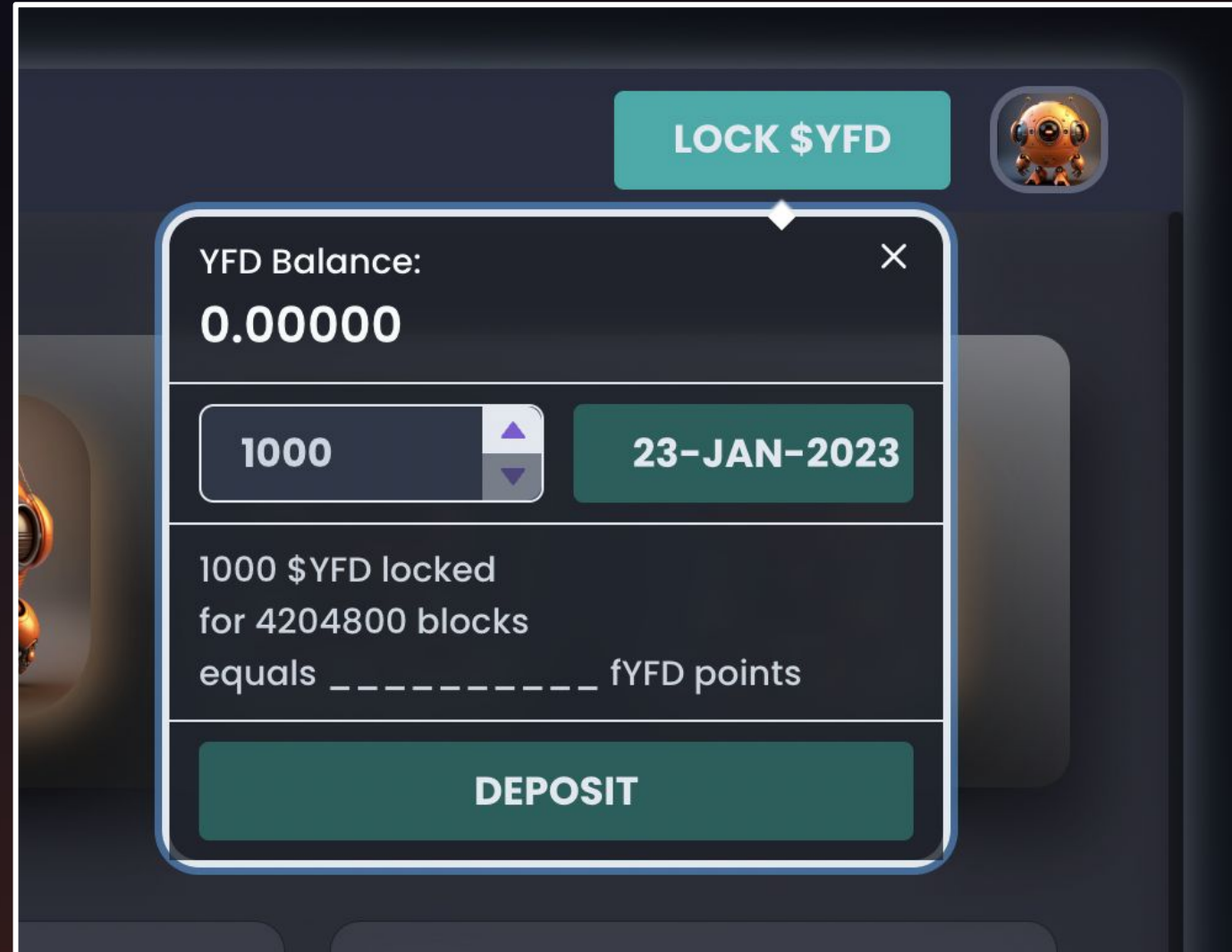
The **YFD Caretaker Multisig** is an early-phase governance mechanism that extends passing requirements for governance proposals on the YFD platform.

This ensures that the governance pool has a significant amount of YFD locked even at the beginning.

# YFD Governance: Locking YFD

One of the first actions a user can take on the YFD dapp is to deposit and lock YFD tokens.

Doing so allocates their wallet with fYFD points, which allows them to take governance actions such as create a proposal, or vote.



# YFD Governance: fYFD & Voting



Each user's votes are weighted by the amount of fYFD points they have allocated.

Basically, the more you lock, the longer you lock, the more fYFD points you will have.

Booster \$YFD Locking Period	Booster \$YFD to fYFD multiplier
<b>2 week (min)</b>	0.048
3 month	0.3125
6 month	0.625
9 month	0.9375
1 year	1.25
1.5 year	1.875
<b>2 year (max)</b>	<b>2.5</b>

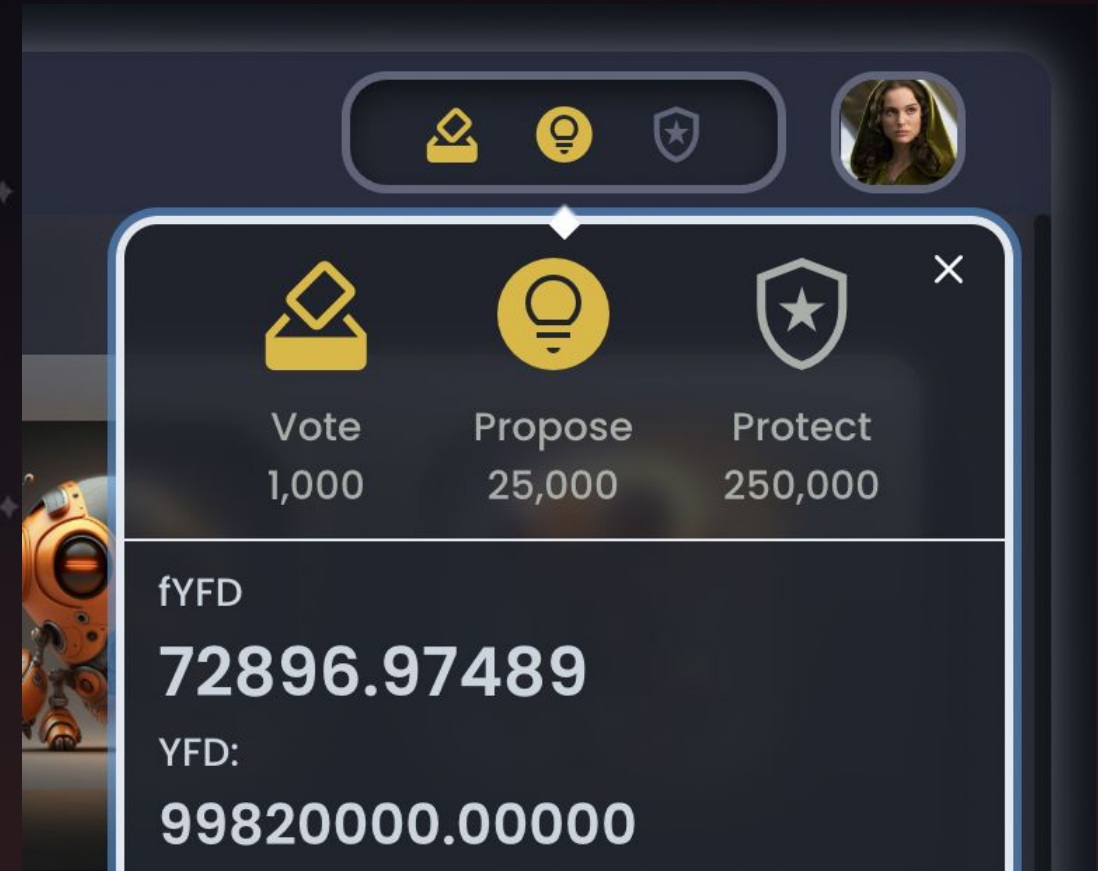
Simplified formula:  $\text{YFD locked} * \text{lock multiplier} = \text{fYFD points}$

# YFD Governance: fYFD & Voting

Once a user has locked YFD, they are then allocated fYFD points

They can now vote, propose, or help protect the protocol by raising emergency proposals.

The respective amount of points required are listed on the UI.



# YFD Governance: Passing Quorum

In order to pass, a proposal is required to have at least **25%\*** of the outstanding votes to be cast.

This is known as the quorum, and ensures that a minimum level of participation is achieved before passing a governance proposal.



\*This can be changed by governance. The suggested guidelines for doing so are explained on the next slide

# YFD Governance: Quorum, too high or too low?

For most governing bodies, having too high a quorum can make it very difficult to get anything done.

But having too low a quorum can let a minority enact changes without consensus from the majority.



- Largest vote proportion is YES / Affirmative.

# YFD Governance: Quorum, too high or too low? (cont'd)

Finding the right balance is tricky, but it should be an area of discussion by the community.

YFD quorum will be higher in the beginning when there are fewer members of the DAO, and then taper down as more and more members join in.





# YFD Governance: Quorum for new DAOs

Another issue is that, even with a high quorum %, new DAOs with few participants are still vulnerable to attack.

Bad actors can easily gain a majority by depositing enough tokens to pass proposals unilaterally.



## Problem

Early stage DAOs have difficulty relying on quorum to stop bad actors passing proposals unilaterally by depositing more tokens than the existing pool.

## Solution

A neutral pool of voters, sufficiently large, and established at inception, that would outweigh potential attackers and discourage attack.

# Solution: The Caretaker Multisig



1. At inception, a multisig contract is created with multiple **neutral, verified, and unassociated** parties. These can be named figures, or pseudonymous ones, but they should have a prior history and reputation to encourage good behavior.
2. The multisig receives a sufficient amount of YFD tokens (e.g. 2%) at inception which is immediately locked for the maximum locking period. This creates an initial pool of fYFD points to establish the minimum quorum requirement.

# Solution: The Caretaker Multisig



3. Aside from locking the YFD tokens, the Caretaker Multisig members are not expected to take any other action. The multisig is not meant to serve as a governance body, but merely for defense against low-minimum-quorum governance attacks.
4. As the locked YFD tokens unlock over the course of 2 years, they become less significant as more and more tokens naturally come into circulation.
5. The community can decide on further action to take with the unlocked tokens, via a DAO vote. (perhaps sending this to the DAO treasury)