

ETHEREALDAO SURFACEPAPER

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1 PREAMBLE

Precursors of MakerDAO have found the system unable to defend against upwards depeg, amended by adding harder stablecoins as collateral, effectively voiding the premise of decentralization to a large extent.

Liquity, a novel approach to fully decentralized stablecoins – suffers from capital inefficiency with a steep requirement of supply to be placed within its stability module, thinning the market and going against the core value proposition. It is also hard limited on depegging upwards by the minimum collateralization ratio for instant arbitrage. Under normal operation this, on efficient ledgers could reach very tight margins, but has not been proven to work even under reasonably small volatility.

Thus, we present the EthereumUSD model, that adds a reserve for instant redemption that takes inspiration from both aforementioned systems, with focus on capital efficiency and ability to ensure tight peg. While this document focuses on a usd-pegged synthetic asset, the system extends to any liability type and any collateral assets, and multiples thereof.

2 PROJECT

The initial public ETHEREALDAO vision for initial launch on RadixDLT, placed in order of priority for launch readiness:

- Stablecoin Contract
- Oracles
- Governance Module

Main product offering being a fully decentralized stablecoin \$eUSD taking inspiration from Liquity and MakerDAO's designs and combining them into a novel offering. Specifics of the approach will be revealed in due time.

It is paramount that the governance module is functional from the very beginning, even if for the sake of MVP some features are simplified, to be upgraded later. From the very beginning, the platform must be as decentralized as possible.

An Oracle system will likely need to be made in-house given system constraints. We monitor the situation in the ecosystem and look forward to implementing the best solution.

A question one may and will raise is why start on RadixDLT? The permissions system built on top of native assets will enable a safe and transparent governance system which will greatly aid in functioning of the DAO, with nominal fees enabling use of on-chain actions for more tasks. The safety provided by the Scripto language is also a worthy mention, which will be leveraged with a lean and rapid development cycle. There is potential brewing.

Further development past the initial product are planned to be part of a larger ecosystem built on top of the \$eUSD token.

3 BRAND

[REDACTED]

4 STABLECOIN

[REDACTED]

5 ORACLES

[REDACTED]

6 DAO

The DAO shall be structured in a way that ensures alignment of incentives and mutual accountability of the team, treasury and community.

To that end a tripartite structure of equal importance at a meta-governance level shall be put in place, each branch being a supervisor of the next and supervisee of the prior. Each will have, up to and within the scope of supervision of the prior, autonomy of a select and distinct part of the DAO at large, granted by the DAO as a constitutional setup.

Governance within each shall be subject to itself; to structure as they are each, within their own right, DAOs, within the DAO at large.

Trust, but verify.