



# **STAKEBORG DAO**

*A new paradigm for a thriving digital colony*

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*Spiritually, I really love DAOs. Creating new and better ways for people to coordinate and cooperate around projects is definitely close to my heart.*

**Vitalik**

## **Abstract**

As we've seen Ethereum becoming the technical layer for DeFi and NFTs, we imagine a world where DAOs are the social layer that will define how we should organize ourselves in the new Web3 ecosystem.

Human history was roughly defined by 4 big socio-economic eras:

- a. Hunting-and-gathering societies
- b. Agricultural age
- c. Industrial age
- d. Digital/Informational revolution

They were pretty different in the dynamics of their evolution since we progressed from one to another, but they shared many common points. Being part of a powerful tribe meant more food, security and better social positioning. The source of the food was different, and the tribes became small villages during the agricultural age, but the goals of the individual remained roughly the same.

Because of its characteristics and the emergence of technology (in the form of mechanical tools), Industrialization changed the discussion a little because efficiency and productivity led to new goals: wealth and the early days of freedom.

The digital era blossoms before our eyes and it could be the most sweeping in history, so we find ourselves in need of a new socio-economic tectonic move. Web 3.0 could turn out to be the much-needed framework for a more autonomous and open network that will be available for everyone and will contribute to all the main goals we discussed above: food, security, social status, wealth, and freedom.

These new native structures will redefine and change forever how we interact with one another in a space without physical boundaries where human creativity will become the most important skill to have for the first time in history.

We are in the early stages of a new paradigm where every individual will have access to everything they need in order to free themselves from the tyranny of the nation-state, a concept which needed four centuries to fully develop, and the imposing of violence to maintain its dominance. Similar to the leap from the Ford-type factories to the startups in Silicon Valley, technology, as the main catalyst, will play an active role, so instead of centuries, we will probably need less than a decade for multiple new paradigms to arise.

The idea of a **Web 3.0-based digital colony** focused on building tools and instruments to generate wealth for its participants came as we spent a significant amount of time with Stakeborg's community, understanding their doubts about these early stages of the blockchain technology and answering their questions regarding their crypto investments.

The new era offers multiple possibilities and unprecedented access to resources. Commanding a wide range of resources without being educated on how to extract the maximum out of them makes the whole progress, which made the scenario possible, pretty useless. To avoid such an outcome or, better said, to decrease the chances, we need a native construct, especially since we are, by nature, belongers. Inside this new paradigm, the individual will no longer be unidimensional but a sum of intelligent agents that will co-exist.

As we've seen digital cooperativism getting more traction, it became clear to us that similar to the real-world gatherings, the internet will leverage the power of decentralization and the recently discovered trustless tools to stimulate new ways to organize large groups of people that will start to think differently about ideas such as wealth creation. If right now, the definition is built around financial aspects, in the next few years, we will see other elements, like the freedom to choose where you can maximize your human potential, becoming a center point.

We've observed that policy-makers tend to centralize everything as much as possible, so it's fair to assume that the opportunity for disruption lies in betting

against the current consensus, imagining how the future will look like, and being right in our assumptions.

Historically, we've always circled around the concept of complex adaptive societies, a term which appeared for the first time as "complex adaptive systems" in 1968, when Walter Buckley published his famous paper.

There is tremendous power when a group of like-minded people gather around the fire and decide on four important aspects:

1. A leader
2. A mission
3. A set of rules
4. An economy that binds together the first 3 and, in our case, adds the magic of the network effects.

**DAOs are the new social & economic toolkit** for decision-making in the Web 3.0 era, and, as we've seen with other DAOs, these new structures could be the place where **collective intelligence is organized in a productive fashion**.

As we've spent our time building the most cohesive community in the Romanian crypto space, we realized that, without knowing it, people search for these new ways of interacting with the crypto industry and its members.

Stakeborg DAO plans to build on the legacy principles which are already battle-tested by well-known players like Aragon, Compound, AAVE or Synthetix, push the community to innovate even more on these ideas and deliver **a fully functional & thriving digital colony**.

On top of putting the bedrock of a blooming DAO, Stakeborg will launch in the bootstrapping phase a number of crypto indexes that our community cares about. All the profits from the indexes the Stakeborg team will launch will go to the community wallet, and the future digital colony will decide the best way to spend those funds. Retail investors have been long waiting for an investment tool they can easily access and that can provide the same advantages the institutional investors have in traditional markets.

The launching of the methodologist fund backed by savvy experts is basically a "**Michelin crypto guide**" and constitutes the first step in this direction.

### **1. A realistic starting point:**

This whitepaper is not meant to remain written in stone. In a fast-moving industry, adjusting to the new conditions is a must-have feature, especially when you plan to innovate in uncharted territory. As you'll see, this is not the usual scientific approach you can find in such papers. The main scope of work is to offer our philosophical perspective on the first steps we will take while bootstrapping this DAO for our community.

### **2. The Pledge: One for all and all for DAO**

As initiators of the Stakeborg DAO, we have a clear commitment defined by the following pledge, which aims to be a starting point that is subject to changes in the future depending on the community's will:

1. The Stakeborg DAO holds the on-chain reputation of all its members.
2. The Stakeborg DAO aims to empower the community to build legacy products that will contribute to the GDP and wealth of the colony.
3. The Stakeborg DAO will support the community in becoming a decentralized DeFi & DAO Think Tank that will generate meaningful contributions to these highly important fields of the Web 3.0 ecosystem.

### **3. The clash between the old... and the new**

It's Paris 1933, and three good friends meet to discuss philosophy, Raymond Aron, Simone de Beauvoir, and her lover, Jean-Paul Sartre. Why is it important? Because that is the non-official birthplace of existentialism, a philosophical approach to life which was best articulated by Sartre in his tremendous work "Existentialism is a Humanism".

The primary virtue for an existentialist is authenticity in feeling and thinking, which then translates into the five tenets: freedom, individuality, responsibility, choice, and consciousness.

**DAOs are by design existentialist constructs** that can't succeed until their time has come, until we are ready to welcome them. In societies where individuals don't fully understand the importance of freedom and don't embrace personal responsibility, the chances for libertarian concepts to flourish are low.

DAOs also have a huge disruption potential because the power behind them emanates from the people who realize that we are re-imagining machines. Whenever something becomes the new status quo, we immediately search for new ways to achieve even better and more profitable outcomes.

Übermensch, the term introduced by Nietzsche, means "overman" but not in a dogmatic and messianic way. His philosophy of overcoming pointed to our almost infinite capacity to overcome ourselves, the herd mentality, the current set of rules or traditional values that become obsolete. The evolution of the blockchain and, consequently, its important developments depend on the ability of the early adopters to re-imagine what we have in a whole new fashion in order to make it attractive for the newcomers.

We are nothing until we decide what we want to be. So... "what if we decide to be a DAO at a deeper level, not only by name but also by mindset?". The reason is simple: we need a way to organize this huge brainpower which started to flow rapidly in the last few years. We need an unstoppable DAO (a term coined by Kain Warwick in 2019) that will create digital avenues to support and encourage **human digital creativity** within the Web 3.0 ecosystem.

#### **4. Building an unstoppable DAO: Ideas as the greatest source of wealth and courage**

From fully centralized to fully ~~decentralized~~ functional and highly profitable.

We believe that the biggest danger doesn't come from being centralized for too long but from becoming too decentralized too early, especially when it comes to experimental constructs like the DAOs.

On the other hand, there is also the danger of sounding completely new and weird. But a moonshot will always sound like that, right? Most of us are made to believe that the current system we live in is the last one that will ever exist, so we must obey the current rules. The possibility of a new social order would raise questions that will automatically destabilize the status quo even more and speed up the flip, so we are engineered to avoid thinking beyond the current known borders.

Speaking of borders, Satoshi imagined bitcoin as a fully decentralized network with no point of failure; is this desirable when we bootstrap a DAO?

In a recently published article on [a16z blog](#), [Jesse Walden](#) speaks about the playbook that should be followed by the builders who are committed to delivering applications in the new decentralized space. The stages he describes and their characteristics should be easily identifiable at the level of one unstoppable DAO.

The early stage comes with finding the product/market fit which, in our case, should answer the questions: What's the problem we try to solve with Stakeborg DAO, and is this problem a real one or a potential real one in the future? If our answer is valid and we need DAOs that should mainly focus on becoming think tanks for DAO development and encouraging its members to build products that matter for the industry and for the colony itself, the community participation stage will come naturally.

If we execute properly and we manage to find the good "protocol/DAO politicians" who understand their role, we will eventually reach a high degree of community ownership and participation.

That will be the exit to the community, and the mission of the bootstrapping team will be completed. A new era will begin.

Still... when you don't know where you are going, no path is the right one; but to arrive where you plan to, a solid starting point is needed: in our case - a fair launch.

## **5. How do we see a fair launch?**

The main problem with innovation is that everyone agrees with it from a macro perspective but finds numerous reasons to be against it on a case-by-case basis. We love innovation as long as it serves our purposes, but if we are part of the future-to-be disrupted establishment, we would like less innovation if possible.

This is visible with the fair launches in crypto.

After Yearn Finance became the benchmark in terms of fair launching, many projects strived to reach the same results without risking other elements further down the road. It's a tricky game because you want to make sure that your community is fully prepared and mature enough to propel the initial bootstrapping to the next level before you hit rock bottom.

Having this in mind, we designed an early stage where tokens will be distributed in a mixed fashion: airdrops with an innovative vesting schedule to the most active members of our community, yield farming with tokens from projects with great communities we know closely, and a well-incentivized staking program.

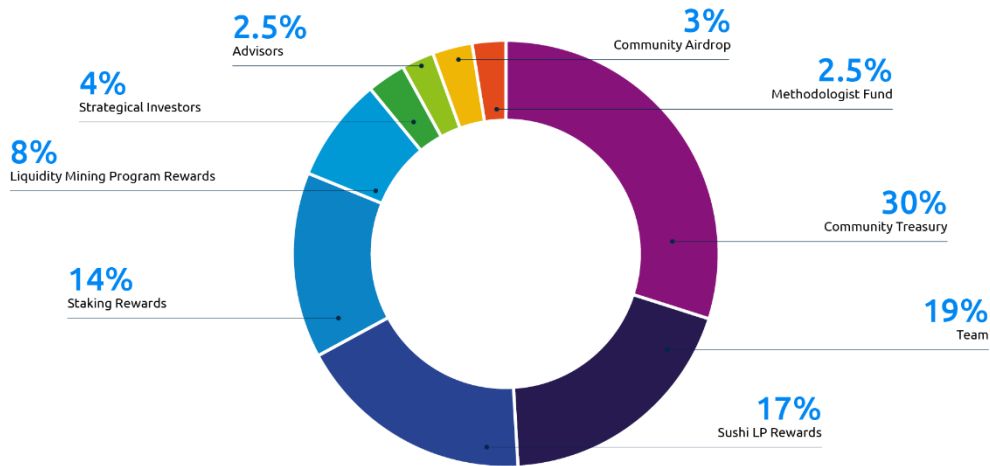
## **6. Token: STAKEBORG STANDARD**

**6.1.** The \$STANDARD is an ERC-20 token that has a very clear role: to empower DAO participants to contribute to the growth of our digital colony. Other than this, the token aims to create a fluid economy that keeps all the actors aligned to support each other in their efforts to grow the DAO and, consequently, to encourage the appreciation of the token.

**The total amount of \$STANDARD tokens: 20.000.000**



## 6.2. Token Allocation:



Community Treasury - 30%

Sushi LP rewards - 17%

Staking Rewards - 14%

Liquidity Mining Program Rewards - 8% (Pools open for 5-12 weeks)

Community Airdrop - 3%

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**Community total: 72%**

Team - 19%

Strategical Investors - 4%

Advisors - 2.5%

Methodologist Fund - 2.5%

## 6.3. Community Airdrop explained:

There are 3 airdrops x 1% (from the total supply), each with a max of 1 redeem.

The vesting for the tokens the community will receive as an airdrop is the same:

0.8%/week.

**Example:** If you receive 125 tokens via the first airdrop, starting from the next week, a vesting of 1 token/week will hit your wallet. If you redeem it, the

remaining 124 tokens will go to a common pool which is split continuously between the people who didn't redeem their tokens. If, in week 5, you redeem the 5 tokens allocated, the remaining 120 will go to the pool mentioned above.

By doing this, the later you redeem your airdropped tokens, the more you will be rewarded.

The first airdrop will happen in the first week of November and will be made to early Stakeborg supporters (Newsletter PRO subscribers & Newsletter founding members).

**6.4 Liquidity Mining Program:** In our efforts to bring together like-minded peers, we will make the DAO token available in liquidity mining programs to the communities of some well-established projects. The \$STANDARD token will be available for farming using certain tokens for the first few weeks by anybody who wants to get front row access to our digital colony.

**6.5 \$STANDARD Staking:** This will start once a significant amount of tokens will hit the market from Yield Farming, vestings & airdrops.

## **6.6. Vesting periods**

**Team, Advisors, Community Treasury, Staking Rewards, Sushi LP Rewards & Strategic Investors** - 0.8%/week for 125 weeks

### **Methodologist Fund:**

- 10% after Month 1
- 30% after 4 months
- 30% after 9 months
- 30% after 15 months

## 7. Governance

How you approach DeGov can make the difference between a DAO that appears to innovate in the crypto space and another one that uses the term because it's sexy or easy to organize your project around it.

In the long-term, DeGov could be the thin line between the DAO acting as a public good or a menace to the public.

Governance in the Web 3.0 context will be the topic for the first paper Stakeborg DAO will publish in the weeks after the launch. We have a bunch of new ideas and theories that need to be tested within the Stakeborg DAO laboratory before being thrown into the wilderness.

**DAO Activation:** The DAO will be activated by the community when 5% of the \$STANDARD tokens will be staked.

Thus, the threshold for the activation will be:  $5\% \times 20.000.000$  total supply = 1 million tokens.

Upon activation, the Community Treasury will be moved to the DAO governed by the \$STANDARD token. The community will then commence on the path of debating and deciding on which type of projects or activities will be funded from the Community vault. These can range from providing grants to different projects, investment activities or incentivising valuable members of the community for their community work or putting forward valuable projects.

## 8. Roadmap

All the elements before the DAO is launched (approx Q1 2022) are hard commitments, while the others are subject to change based on the proposals from the DAO members.

Deliver Whitepaper 1.0	Q4 2021
Start Liquidity Mining for \$STANDARD	Q4 2021
1st Index & 1st Airdrop	Q4 2021
Start Sushi Pool & Staking Program for \$STANDARD	Q4 2021
2nd Index & 2nd Airdrop	Q4 2021
Open The STANDARD Grants Program	Q1 2022
3rd Index & 3rd Airdrop	Q1 2022
Deliver Stakeborg DAO Constitution	Q1 2022
Launch 4th Index	Q2 2022
Launch of "DAO DeGov Playbook"	Q2 2022
Stakeborg DAO Summit	Q3 2022
Stakeborg DAO App Launch	Q3 2022
Deliver Whitepaper 2.0	Q4 2022

## **9. What kind of projects do we aim to support via \$STANDARD grants?**

In his first Amazon years, in one of his famous interviews, Bezos said something which applies perfectly to the current crypto field: "If you can do things using the more traditional method, you probably should do them using the more traditional method."

The parallel is pretty simple: if the product you want to develop rhymes better with Web 2.0 or tradFi, you should probably try your luck there because a young industry as the one flourishing around Web 3.0 is not very diverse in tools or users, so the feedback loop might not be the one you're searching for.

The types of projects that the Stakeborg community will be drawn to will diversify and evolve as it develops. The Web 3.0 era brings endless possibilities for a crypto community to grow while actively contributing in areas such as services, social, collectibles, investment, media and others.

Sure, this is just a premise we add in the first version of this whitepaper. If the people who live in the Stakeborg DAO citadel decide it is too restrictive for the good and wellbeing of the community, the democratic process will put things in order.

## **10. The first product iterations of the Stakeborg DAO: Indexes that our community cares about**

### **10.1. Introduction: nascent market**

The crypto index funds market has the potential to be higher than the combined market valuations of Bitcoin and Ethereum - which currently stands at \$1.3tn<sup>(14)</sup>, if we extrapolate relevant metrics from the tradFi sector.

The publicly traded tradFi index funds market is estimated to have grown to \$15tn, of which the equity index fund market share equates to c.75% (aggregated equity ETFs and equity index mutual funds), or c.\$11.3tn. The amount of assets under management in equity index funds represents 2.5x the combined market valuations of Apple and Microsoft<sup>(16)</sup>, the largest companies by market capitalization in the world. Moreover, the total index fund market size is equal to c.3.4x the combined market capitalizations of the same two companies<sup>(16)</sup>. BlackRock estimated that the non-public indexed-tracking strategies amounted to \$6.8tn in 2017 - just in equities. Assuming the same growth rate as the public index fund universe, the tradFi total index fund market size sits at over \$25tn, with c.\$21.3tn in equity-based strategies. These represent 5.6x and 4.8x, respectively, the combined market capitalizations of Apple and Microsoft, highlighting the large size of the index fund market as opposed to individual companies.

Given the benefits it has brought to investors in the traditional finance industry and its high growth rate in the past decade, the index funds market has the potential to replicate its evolution in the digital asset space, but at a higher pace judging by the speed of developments in this sector.

## 10.2 History of index funds

An index is a measurement tool that tracks the performance of a basket of assets, in this case, a basket of crypto / digital assets.

In a [WSJ article](#), the creation of the first index mutual fund in the 1970s is dubbed the most successful innovation - especially for investors - in modern financial history. In that period, the market environment was crowded with actively managed mutual funds. Critics were calling an index fund “un-American” and a sure path to mediocrity. In 1975, on New Year’s Eve, Jack “John” Beagle, Vanguard’s founder, introduced the first index fund marketed to retail investors, The First Index Investment Trust, which later became known as Vanguard 500 Index Fund. It had the objective of tracking the performance of the S&P 500 and charged investors lower fees than the active funds.

The fund was received with a lot of skepticism by the market. Its IPO might have been the worst underwriting in [Wall Street history](#). Out of an IPO target raise of \$250m, the fund managed to raise only \$11.3m. [Edward Johnson](#), the Chairman of the Fidelity Group, the industry’s largest asset manager at that time, famously said: “I can’t believe that the great mass of investors are [sic] going to be satisfied with just receiving average returns. The name of the game is to be the best.”

In 1984, Wells Fargo launched a second fund tracking the S&P 500 while Vanguard's fund was experiencing inflows of only \$16m per year. Over time, investors found the index fund strategy more appealing, and currently, the index fund market size stands at \$15tn.

The increase in AuM of index funds is related to multiple factors. First, the markets had been in a bull phase from August 1982 to March 2000, with stocks returning an average of 18% per annum. Second, the growth in popularity of ETFs, first introduced in 1993, which are offshoots of mutual funds that allow investors to trade index portfolios just as they do shares of stock. Third, the severe underperformance of actively managed funds as opposed to passive funds tracking the market. [A study from Bank of America](#) highlights that only 28% of US fund managers that invest in large-cap companies in the US managed to outperform the US market in 2019. The percentage drops to 11% when the study extrapolates the relevant period to the past decade.

The Stakeborg team considers it has identified a gap in the crypto space, given the reduced number of existing investment vehicles akin to an index fund that investors have the opportunity to invest in.

In the crypto space, indexes and index funds are relatively at an early stage of development. The first wave of this type of financial instruments includes the family of indexes developed by S&P Global, Grayscale's foray with an index based on the CoinDesk DeFi index, the Bitwise family of indexes, the family of indexes developed by IndexCoop, and others.

The Stakeborg indexes provide a viable investment alternative to both institutional and retail investors.

### **10.3 Advantages of investing in index funds**

Each investor faces two important questions when deciding on their investment strategy: the first one focuses on which asset classes they wish to gain exposure to (capital allocation), while the second one focuses on selecting the type of securities within each asset class (security selection). These decisions are also strongly influenced by the risk profile and investment objectives of each investor.

Investing in index funds provides a solution to the latter question by offering exposure to a product that is diversified, transparent, and curated by a knowledgeable team. Therefore, the advantages of this type of investment include, but are not limited to:

- **Diversification:** index products consist of a broad portfolio of individual securities and can help reduce the risk of investing in a single security.
- **Efficient portfolio building block:** investing in an index fund can provide an investor with the required exposure to a specific sub-segment of the crypto space, freeing up time (and funds) to focus on other targeted areas.
- **Saves time and fills in knowledge gaps:** an index fund provides a broad portfolio of assets carefully selected by a team of specialists. With the number of projects increasing and the complexity of yield opportunities

rising, some users do not have the time, effort, or knowledge to monitor, conceive, and implement these strategies.

- **Transparency:** an index fund states clearly and publicly its objectives, asset allocation, and rebalancing methods; an investor will have the necessary data points to make an informed decision. Transparency in on-chain asset management is taken to an even higher level due to blockchain technology.
- **Potential to capitalize on future inflows into the crypto sector through the index funds market growth:** this advantage is particular to this moment in the evolution of the crypto industry and could materialize if the space follows the same growth path as the traditional index fund market.

An investment in an index fund also comes with a series of disadvantages, and balancing the pros and cons will be left to individual investors. The disadvantages include and are not limited to:

- **Little chance for big short-term gains:** for an investor seeking a high return in a short timeframe, this product might not be the ideal solution.
- **Average returns lower than individual securities:** the index portfolio is intended to offer broad exposure to an asset class, diminishing the risk of holding a small amount of securities with a balancing effect of having a lower return than the best-performing assets in a category.

#### **10.4. Stakeborg DAO indexes overview**

Stakeborg indexes are designed as a representative and transparent cluster of crypto assets, hand-picked and curated by the dedicated Stakeborg team. The investment indexes are thematically based and derived from a number of clear selection criteria communicated by the Stakeborg team, leaving investors to decide and select which product(s) they would like to get exposure to.

The first indexes developed by the team will include:



- **Invest Like Stakeborg Index (“ILSI”)**: index developed by the Stakeborg team which tracks Stakeborg’s vision and knowledge of the crypto market.
- **RO-Power Index (“RPI”)**: index that targets the growing Romanian crypto community and includes attractive projects with ties to the local ecosystem. Bolstering an attractive IT and software economy, Romania has nurtured knowledgeable developers who have helped advance various narratives and corners of the crypto market. A number of projects are under consideration, including Elrond, BarnBridge, Bware Labs, Equalizer, UniverseXYZ, or Ocean Protocol.
- **Institutional Investors Index (“IX3”)**: index providing a diversified exposure to blue-chip crypto assets.

Each of the Stakeborg-developed indexes **would (eventually) include a 5% allocation to the \$STANDARD token** to support community growth.

#### **10.5. Set Protocol and TokenSets overview**

The indexes developed by Stakeborg will be available via TokenSets, a UI built on top of Set Protocol, an on-chain asset management platform.

Set Protocol is an Ethereum-native DeFi primitive that leverages existing Open Finance protocols to allow for the bundling of crypto-assets into fully collateralized baskets. The baskets are represented as ERC-20 tokens (e.g., RPI, ILSI) on the Ethereum blockchain. These Set tokens act as structured products that represent the manager’s strategy, while investors can replicate the performance of the strategy by simply holding the set.

TokenSets is the first and most popular UI built on top of Set Protocol, with user-friendly features. It essentially provides an interface to create and buy Set tokens in a non-custodial manner.

Key platform features:

- Set is a trustless and decentralized protocol, and Sets are live on the blockchain, visible, and interactable to all
- Non-custodial: investors are in control of their Set tokens

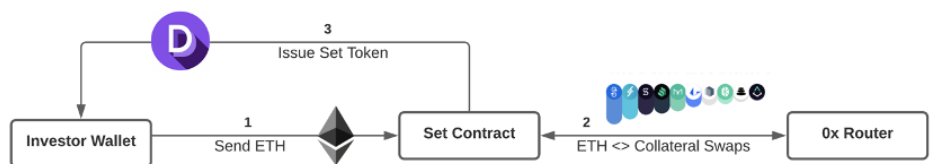
- Sets are 100% (fully) collateralized: smart contracts maintain full backing of issued Set tokens based on the underlying assets in the strategy
- Set supports external integrations with exchanges, lending platforms, AMMs, and asset protocols, also enabling more advanced strategies employing not only DEX trades but also yield farming and margin trending

There are currently two main methods of investing / interacting with a Set: (a) buying and selling, and (b) issuing and redeeming.

a. **Buying and selling:** involves investing into the respective Set or strategy through the designated asset used for payment (e.g., ETH, USDC, DAI). The buy and sell overlay will provide the option to input how many of a particular Set an investor would like to purchase, the amount of payment asset required to facilitate the transaction, an investor’s current balance associated with the wallet they have connected to TokenSets, and a button to preview the transaction for approval.

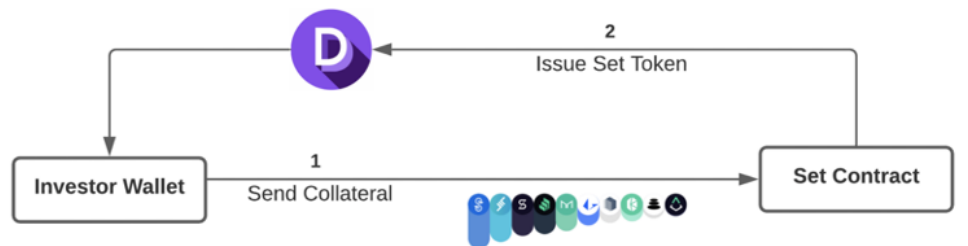
There are two options for buying a specific Set on TokenSets: DEX Swap and TokenSets Issuance.

- DEX Swap: orders are exchanged for pre-issued Set tokens that already exist in liquidity pools on, for example, Uniswap or Sushiswap, providing consistent savings in gas fees.
- TokenSets Issuance: the investor would use one asset (e.g., ETH, USDC, DAI) and exchange it for all the required collateral to issue the Set. The process entails sending the asset used for payment (e.g., ETH) to a smart contract that creates exchange orders for all the underlying assets required to mint the Set token (e.g., all the underlying assets in the ILSI strategy). The Set contract then issues the number of Set tokens representing the collateral value to the investor’s wallet. In the case of Stakeborg’s indexes, the Set tokens would include ILSI, RPI, and I3X. An overview of the process using ETH as payment is highlighted below.



A sell process would be the reverse of the one described above. An investor would provide an amount of Set tokens (e.g., ILSI, RPI, I3X) to the smart contract. The smart contract will generate the orders to sell the collateral corresponding to the Set tokens to be sold for the asset of payment (e.g., ETH). It will send the ETH to the investor and burn the Set tokens.

b. **Issuing and redeeming:** in this process, investors provide their own collateral via their connected wallet to the smart contract, and the latter would issue the desired Set token in return. Investors would need the correct proportions of each underlying asset (collateral) in order to be able to obtain the required Set token. Inversely, investors are able to Redeem Set tokens in return for the corresponding allocation of the collateral.



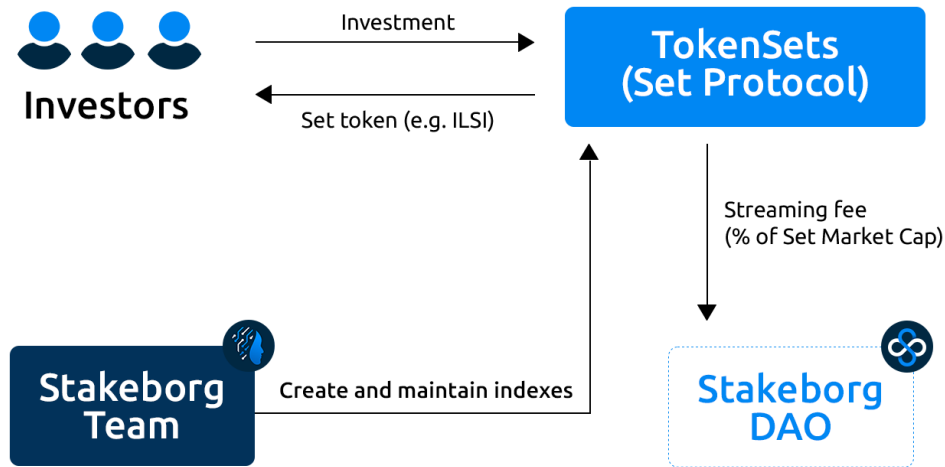
Each potential investor is required to consider the advantages and disadvantages of each method of investment.

Each of the indexes developed by the Stakeborg team will have a streaming fee (similar to a management fee in tradFi) associated with them. It is similar to a subscription fee, and it represents how a Set is monetized. The fee will be based on the entire market cap of the Set. The streaming fee is calculated linearly over the lifespan of the Set. For example, if a Set has a 1% streaming fee and 6 months have passed, 0.5% of streaming fees would have been collected. Note that the manager may opt not to claim fees immediately. These accrued Set fees not yet claimed by the manager are shown under the field *Unactualized Streaming Fee* on each Set page in TokenSets.

The entire streaming fee amount will be transferred to the Stakeborg DAO, providing the DAO community the opportunity to decide on which type of projects the funds would be allocated to.

## 10.6 Relationship between Stakeborg indexes and Stakeborg DAO

Investors can follow the indexes developed by the Stakeborg team via the two methods described above: buying or issuing a Set token. In return for the desired investment amount, investors would receive the corresponding amount of Set tokens. The Stakeborg team is responsible for all operations related to the indexes (creating, maintaining, rebalancing, reporting, etc.). The streaming fee is computed based on the market cap of each Set and would be funnelled through to the Stakeborg DAO.



## 10.7 Future developments

The team envisages multiple avenues of further development on the index front:

- Infrastructure-focused indexes, including leading assets developed on a specific L1 protocol;
- Narrative-focused indexes, including assets within a specific blockchain sub-sector;
- Other types of indexes.

## 10.8 Reporting and other items

The Stakeborg team will keep the investors and the community well informed on the evolution of the indexes, including their performance, any changes to their

composition, asset-specific news, market overviews, and other reporting items. This information will be regularly available via an investor report. In addition, investors will be able to track real time the index evolution via TokenSets and its related websites. The Stakeborg team will also have a strong presence and be involved where necessary in DAO discussions related to the indexes.

Each index will be listed on TokenSets with a description and a statement of its objective, the methodology and criteria used for including the underlying assets, and the methodology used for index maintenance and rebalancing.

The Methodologist Fund represents the fund that is set up to incentivize the team in charge of creating and maintaining the Stakeborg indexes.

## 10.9 Risk Factors

**Market risk:** the indexes prices will fluctuate as the underlying assets are bought and sold. Extreme volatility is not uncommon based on the history of the crypto markets and it might put all of the user's investment at risk.

**Technical risk:** the indexes have smart contract risk, common to all tokens built on the Ethereum infrastructure. Although Set Protocol has been audited by multiple parties (ABDK Consulting, OpenZeppelin, PeckShield), the code is open source and there is potential for hacks, exploits or bugs in the code.

**Centralization risk:** the Set Labs team retains administrative control over the protocol as they have an admin key that is secured by a 2-of-3 multisig hardware wallet. This admin key allows the team to upgrade contracts at any time with no time-delay. The key cannot currently be used to access funds that are stored in the Set Protocol Vault, nor can it be used to confiscate or freeze user funds (Sets). The team plans to further decentralize the protocol over time and reduce admin key risk.

**Liquidity risk:** the underlying assets are sourced from liquidity pools on DEXes. Large projects have robust liquidity in these liquidity pools; however, in the

scenario that these LPs would be drained of liquidity there would be no trade route available for the respective assets in the LPs.

**Regulatory risk:** risks associated with stringent regulatory measures and requirements imposed by the competent authorities.

**Set performance risk:** none of the indexes developed by the Stakeborg team are guaranteed to be profitable (over any time period) and an investment into these trading strategies should rely solely on the user's judgement.

## 11.Core Team:

- **Vlad Mercori** - With a degree in History and another in African Development Policies, Vlad considers himself a crypto puritan. He strongly believes that the biggest rewards should go to the ones having skin in the game and who dedicate their time to educate themselves on how to capitalize on the amazing opportunities before their eyes.
- **Razvan Dumitrascu** - With a six-year financial experience in Investment Banking in London and an economics background built on the back of two Bachelor's and a Master's degree in Banking and Finance, Razvan has a core focus on fundamental analysis and considers that the digital asset space represents an unparalleled investment opportunity in the current macro environment.
- **Cornel Fratica** - has a background of 20 years in the banking industry, building and implementing development strategies by managing large teams and key projects in banking transformation over the years - from traditional to modern banking. He is passionate about the tech industry, so he is stepping into the new Era of finance to smooth the adoption process of decentralized finance.
- **Endi Ungureanu** - Curious by nature and looking for years for that one thing worth going all in for, as soon as Endi got deeper into crypto and the NFTs rabbit hole, he decided that this is more than just a lifetime

opportunity for an individual but a lifetime opportunity for an entire generation.

- **Calin Pasat** - Has a degree in Electronic Engineering with Mobile and Secure Systems and has years of experience working for Fortune 500 companies as a security engineer/consultant. He is a cypherpunk by nature, advocating the use of strong cryptography and privacy-enhancing technologies, so his passion for crypto is only logical.
- **Ana-Maria Treaba** - A marketing ninja with 10 years+ of experience in the entertainment industry, Ana worked closely with many important artists and companies from all over Europe.
- **Cosmin Tronaru** - With years of experience as a programmer, on one side, and public speaking and communities building, on the other, Cosmin does a great job in interacting with both the technical and non-technical worlds. With a big passion for communities with a purpose, art collectibles and comics, NFTs and the Metaverse, what is yet to come goes hand in hand with his vision for the future.
- **Alexandru "Capsunel" Coman** - Creativity is his dominant characteristic, thus managing to bring to life the craziest ideas. He is confident, passionate, and has extensive experience even though he's one of the team's youngest members.
- **Mihnea Dobrescu-Balaur** - A problem solver at heart, Mihnea uses his mix of technical knowledge and soft skills to build successful teams. He enjoys learning about as many subjects as possible in order to make connections and come up with creative solutions.

## **Development Team**

- 1 Project lead
- 2 DevOps
- 1 Front end developer
- 1 Back-end developer
- 1 Solidity Developer
- 1 QA

## **Advisors & Partners**

- Digital Mob
- Sablicon Media

## **12. The excitement of a new social order...**

As pointed out by Naval, by being the centerpiece of the digital revolution, Web3 iterates quickly and attracts brilliant people with immediate and significant incentives. That's precisely what we need as a base layer.

DAOs have to become the socio-political spears of the new digital era, a catalyst for change not only in practice but, most importantly, in the collective mindset similar to the role played by The Hanseatic League between the 13th and 17th centuries.

DAOs are here to teach us how to better arrange the electrons, atoms, and bits of this world in order to interact in a more meaningful fashion and organize ourselves as exponential communities capable of changing the current status quo for the good. At an individual level, we will see dramatic changes in mentalities. How much money you have in your account will be less important than how you'll find the best ways to structure your life to maximize freedom, independence, and mental peace.



By building "from the community up", Stakeborg DAO intends to play a key role in innovating at the edges and encouraging the DAO communities to work on- and off-chain for the greater good of the entire crypto industry.

As pointed out in "The Sovereign Individual," we are on the verge of a major social disruption that we haven't experienced before: the denationalization of the individual. The more widely dispersed the technology, the more decentralized the political power will be.

It's our duty to build a better home.

*We will create a civilization of the Mind in Cyberspace. May it be more humane and fair than the world your governments have made before.*

John Berry Barlow, A Declaration of the Independence of Cyberspace, Davos, February 8, 1996

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**Legal Disclaimer:** We published this whitepaper solely to define the vision behind Stakeborg DAO & \$STANDARD token and to have a starting point for further discussions and debates on the role of DAOs & communities in the future of the world we live in. The information we shared shouldn't be taken as financial advice since market conditions change rapidly and are beyond anyone's control.

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