

# SIP-5 Token Allocation Proposal

## Summary

This proposal puts forward an allocation of 38,669,398 \$SLING tokens with a further reserve of up to 76,611,875 \$SLING tokens, (totalling 115,281,273), to be allocated for contributor rewards, community growth and engagement.

## Authors

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## Sponsorship

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## Proposal Type

Grant proposal.

## Community Incentive & Rationale

### Overview

Most DAOs offer native tokens as a reward for efforts contributing to the DAO's mission.

SlingShot DAO currently does not have a general allocation in place for rewarding contributors, only voting rewards, ideator rewards or builder tokens rewards (as stated in the economic parameters).

This proposal puts forward a general token allocation, to be administered by the SlingShot Foundation, that can be used as the discretion of the Foundation to reward contributors to SlingShot DAO over the next 6 months (*July-December 2023*).

Within such an allocation there is also the opportunity to allocate tokens dedicated to being offered as rewards and incentives for community growth and engagement, complimentary to the rationale behind SIP-4.

### Areas for Token Allocations

Three areas are highlighted for token allocations:

- Community growth & engagement
- Contributor token rewards
- Retrospective grants for past contributions

### Community growth & engagement

Tokens used for community growth & engagement could be offered broadly across the community as rewards for engaging and participating in SlingShot DAO.

Some examples could include: AMAs, Workshops, Livestreams, Bug bounties, Marketing efforts, Referrals, Surveys, Social media and more.

The motivation is to enable the DAO to more easily reward engaged and participating community members across the organisation to further develop the SlingShot DAO ecosystem and mission.

### Contributor token rewards

Tokens used for contributor token rewards could be offered as a reward for contribution to SlingShot DAO.

Examples include: Software engineering, Operations, Strategy, Marketing, QA and Treasury efforts. This could also include community members on the Special Council or members consulting for SlingShot DAO.

Best practice would be for these tokens to have standardized terms and lockup/vesting periods.

### Vesting

It is important that tokens rewarded have appropriate lockup and/or vesting terms relative to the total being rewarded.

This proposal recommends a 12 month linear vesting period for all tokens rewarded as contribution rewards as part of this token allocation.

To make things simple for the retrospective grants, they could either also stream linearly over 12 months, or dependant on the amount, mirror the lockups seen on-chain for early contributors, cliffed until May 2024 and then linearly vesting the remainder over a further 2 years.

Finally, it is important that the impact of token rewards into the circulating supply of tokens is well understood, something discussed in further detail below.

### Token reserve

This proposal anticipates that 38,669,398 \$SLING is a reasonable amount be used as the expected token allocation over the next 6 months.

It is important though to have some tokens in reserve to consider industry conditions and the DAO's ability to reward tokens integrally.

To that end, a proposed further 76,611,875 tokens could be allocated solely for the purpose of acting as a reserve according to conditions and to allow the DAO to uphold rewards.

Again, it is important to understand the potential impact of this on the circulating supply of tokens, see below for further details.

### Token allocation %

Based on known values from SIP-4, the token reserve and some estimates, the allocations can be split into the following:

#### Without token reserve

- Community growth & engagement: 15,228,426 \$SLING **(39%)**
- Contributor token rewards: 16,084,699 \$SLING **(42%)**
- Retrospective grants: 7,356,273 \$SLING **(19%)**

#### With token reserve *(based on the entire reserve being used)*

- Community growth & engagement: 52,500,000 \$SLING **(46%)**
- Contributor token rewards: 55,425,000 \$SLING **(48%)**
- Retrospective grants: 7,356,273 \$SLING **(6%)**

### Impact on circulating supply

It's important to understand the impact this allocation would have on the total distribution of tokens in the Slingshot DAO ecosystem.

To closely approximate this, some simplified simulations were created to approximate how the token allocations would amount within the total of distributed \$SLING Tokens.

There are a few limitations and exclusions to be aware of.

#### 6 Month Simulation Includes:

- Voting token rewards *(projected based on conservative participation rates)*
- Ideator token rewards *(based on current economic parameters)*
- Creator token rewards *(based on current economic parameters)*
- Zealy *(projected based on average distributions to-date)*
- Airdrop claims *(projected based on conservative claim rates)*
- TDE
- Contributor token rewards *(as per this proposal)*
- Community growth & engagement *(as per this proposal)*
- Retrospective grants *(as per this proposal)*

#### 6 Month Simulation does NOT include:

- Any token rewards (of any kind) further than 6 months in the future.
- Early contributor cliff unlocks or vesting terms

#### Beyond 6 months

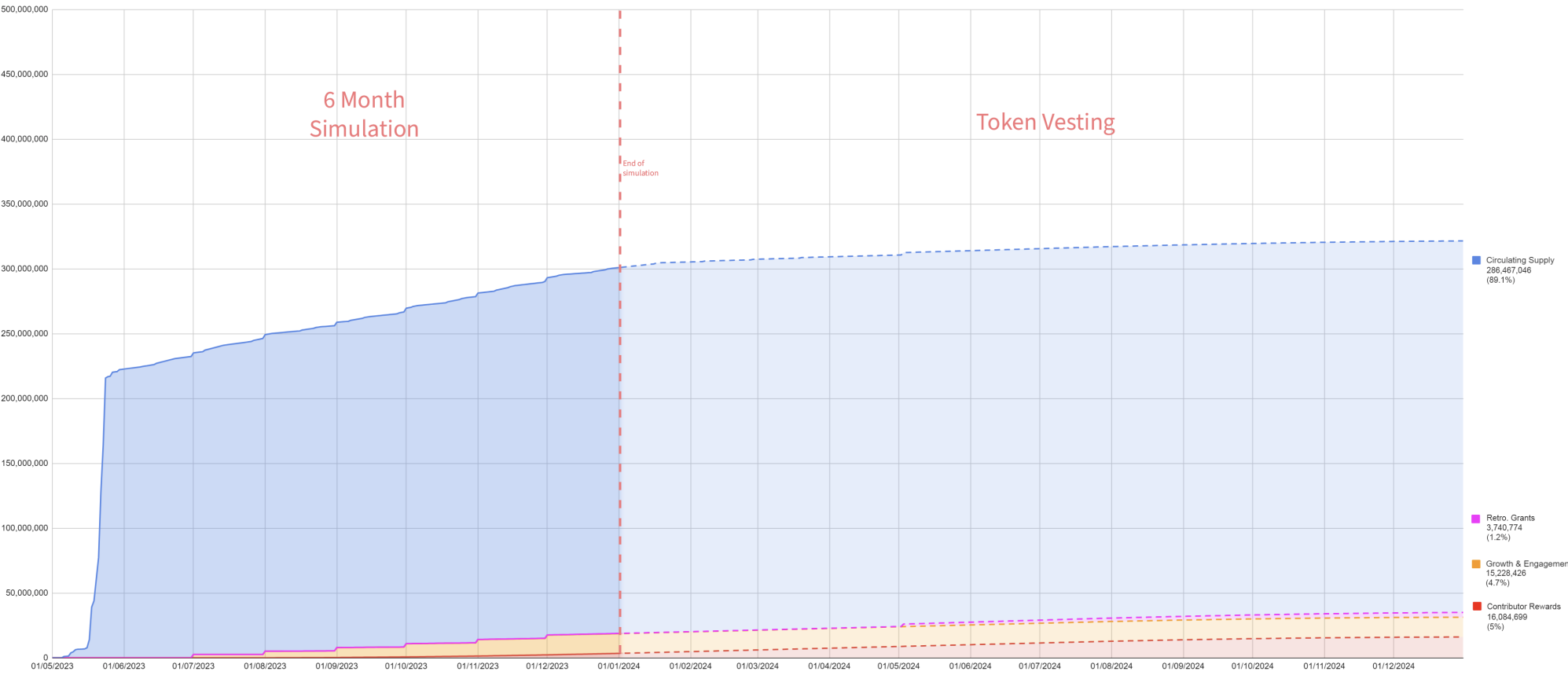
Past the 6 month mark **ONLY** vesting of tokens are simulated. Effectively therefore, it illustrates the streaming schedule for Contributor token rewards, Ideator & Creator rewards and the unlock schedule for Voting rewards and Grants.

This is most likely an inaccurate illustration because it's very likely some of these initiatives (such as voting rewards) will continue long after 6 months, however, for the purposes of this proposal, a 6 month simulation + vesting seems an acceptable best effort to simulate the impact.

In most likelihood this means that the % share of supply taken by the token allocations in this proposal, after 6 months, will be smaller than is charted below.

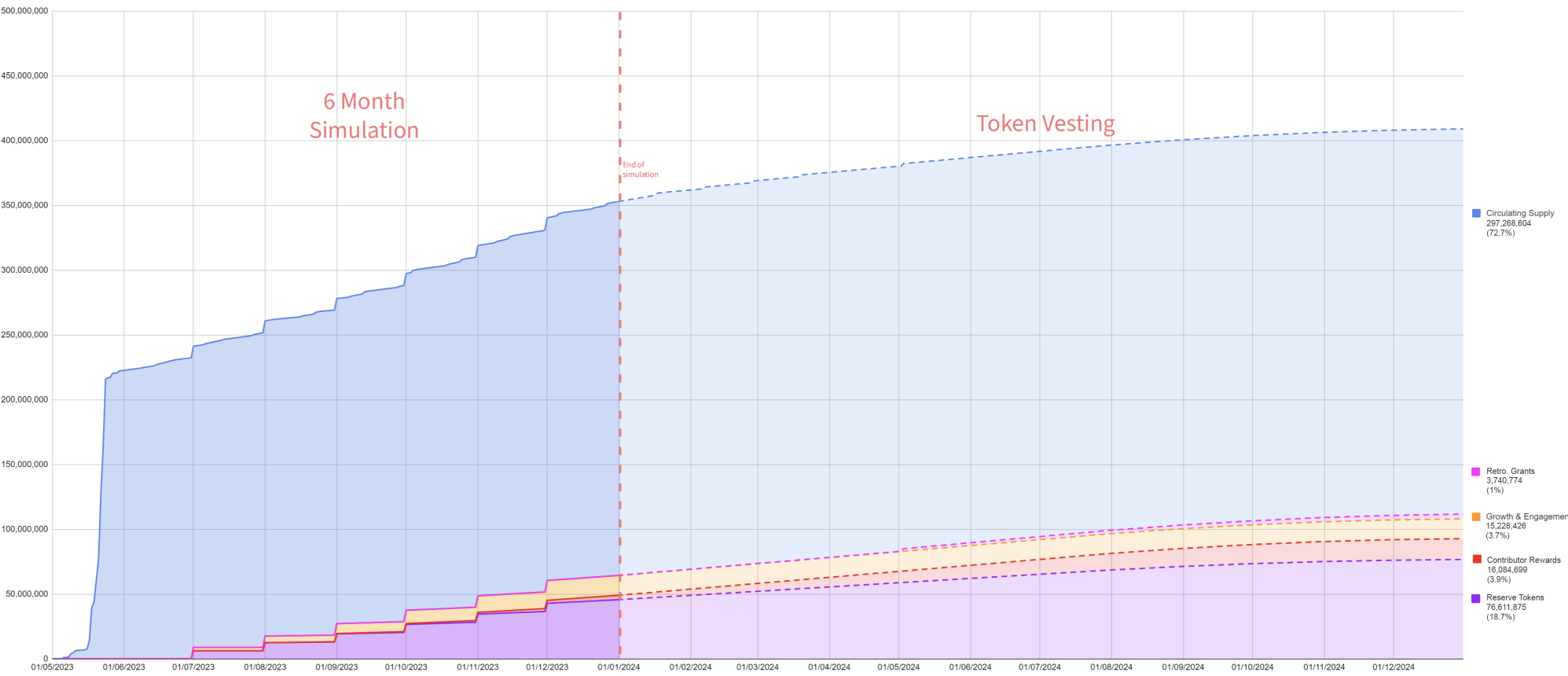
Token Allocation Proposal vs Circulating Supply

Without reserve tokens



Token Allocation Proposal vs Circulating Supply

With reserve tokens



Withstanding that the community growth & engagement token allocation will be broadly distributed amongst community members, then the potential maximum share of tokens that could fall to a smaller group of contributors, (*Contributor rewards + % share of reserve tokens + Retrospective grants*), ranges from 14.4% to 6.2% of circulating supply by the end of 2024.

Again, a disclaimer that this value is an approximation and will most likely be lower still, as the simulations do not account for voting Rewards, ideator rewards and builder rewards that will most likely still be being awarded beyond 6 months into the future.

Risk

Risks if this proposal passes

- Mismanagement of tokens / incorrect rewards to contributors
- Impact on circulating supply \*(see simulations above)

Risks if this proposal doesn't pass

- Failure to more widely distribute tokens and rewards to members across the DAO community
- Difficulty incentivising talented contributors
- Difficulty incentivising contributors and members to stay engaged and feel rewarded for their participation in the DAO
- Lack of rewards can lead to poor engagement and poor growth, ultimately failing to realize the DAOs mission.

Key Terms

(Include an explanation of any unique or technical terms used within this proposal)

SlingShot DAO

A decentralized autonomous organisation, that is governed by the holders of \$SLING token.

SlingShot Foundation

A Cayman Islands foundation company that helps the SlingShot DAO by managing the community's requests while following a common goal and principles.

Voting token rewards

Token rewards awarded for submitting a vote within a live round on the SlingShot dApp. Rewards are programmatically distributed at the end of the round and become available to claim linearly over 30 days from round end.

(Currently a % of 6.7 million \$SLING per round at the time of writing, varies based on participation rate within the round and calculated/distributed by smart contract. Governed by economic parameters.)

Ideator token rewards

Tokens rewards awarded to an ideator for submitting an idea which then wins by receiving enough votes in its respective round in the SlingShot dApp.

(Currently 250,000 \$SLING streamed over 12 months at the time of writing. Governed by economic parameters.)

**Creator token rewards**

Token rewards awarded to creators at completion of building a winning idea from the SlingShot dApp.

(Currently set as 20% of the USD funding amount streamed linearly over 6 months after completion of the project. Governed by economic parameters.)

**Zealy**

A platform for completing quests and earning rewards which can include token rewards. (Governed by SIP-1.)

**Airdrop**

50 million \$SLING tokens that were sent to contract address 0x7233D650375FB1EB2F9fE4f5733B14D514231f3F. As of time of writing 16,048,237 tokens have been claimed.

**TDE / Treasury diversification event**

Treasury diversification event where 204,773,625 \$SLING was swapped for USDC. (Governed by SIP-2.)

**SlingShot dApp**

Slingshot DAO's app to submit and vote on ideas to be built. <https://slingshotdao.com/app>

**Specifications**

**Grant 1: Community Growth & Engagement**

**Summary:**

This token grant is intended to help foster growth and engagement across the SlingShot DAO community and ecosystem.

**Grant Type:**

Community Development

**Recipient:**

SlingShot Foundation

**Financial Details:**

- 1. Grant amount: 15,228,426 \$SLING
- 2. Reserve tokens: 37,271,574 \$SLING  
(Total: 52,500,000 \$SLING)

**Grant 2: Contributor Token Rewards**

**Summary:**

This token grant is intended to be used at the discretion of the SlingShot Foundation to reward contributors for their efforts and contributions to SlingShot DAO.

**Grant Type:**

Community Development

**Recipient:**

SlingShot Foundation

**Financial Details:**

- 1. Grant amount: 16,084,699 \$SLING
- 2. Reserve tokens: 39,340,301 \$SLING  
(Total: 55,425,000 \$SLING)

Rewards to be distributed monthly and vested linearly over 12 months respectively.

**Grant 3: Retrospective Grants**

**Summary:**

This token grant is intended to be used at the discretion of the SlingShot Foundation to reward contributors, who have in the past, positively contributed to SlingShot DAO.

**Grant Type:**

Community Development

**Recipient:**

SlingShot Foundation

**Financial Details:**

- 1. Grant amount: 7,356,273 \$SLING

Locked with the same cliff and vesting terms as those observed on chain for early contributors. (25% cliffed until May 2024 and then 75% linearly vesting over a further 2 years.)

**Further Considerations**

- 1. Most tokens under this proposal are expected to be locked, vested or streamed over time to limit the impact on circulating supply.
- 2. It's likely that lots of tokens in this proposal would go unused, the reserve tokens would only be used to support the DAOs integrity to contributors and community members in adverse industry conditions.
- 3. Any unused tokens after 6 months should be returned to the SlingShot DAO Treasury.