



Haym Salomon @SalomonCrypto

Jul 3 · 22 tweets · [SalomonCrypto/status/1543668148188205057](https://twitter.com/SalomonCrypto/status/1543668148188205057)

(1/21) So let's just address the elephant in the room: bribing.

What is it? Is it sustainable? How am I going to explain this to my mom, let alone [@GaryGensler](https://twitter.com/GaryGensler)?

Read on to learn more about ve-tokens, voting incentives and the systems you're seeing all over De-Fi!

(2/21) Ok so since I tagged the Chair of [@SECGov](https://twitter.com/SECGov) and used the word "bribe," let me be clear: NOT FINANCIAL ADVICE. NOT LEGAL ADVICE. NO BRIBERY HERE.

...but please read on to learn just how cool the tech at the heart of De-Fi is!



(3/21) If you're new to De-Fi, you might scroll through Twitter and seeing a ton of mentions of [@VotiumProtocol](https://twitter.com/VotiumProtocol) or [@Pitch_Money](https://twitter.com/Pitch_Money) "bribes."

Bribes is a loaded term with sinister undertones. From here on out I encourage you to use the term "voting incentives" instead.

(4/21) In order to understand the activity, we first must understand how we got here.

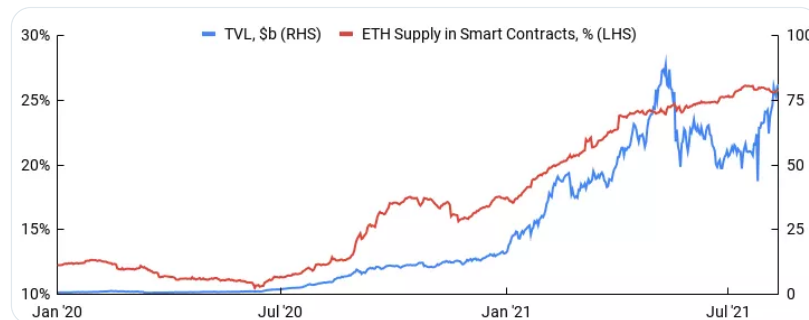
The story starts in middle ages with the invention of finance, but let's just fast forward to the good part.

We'll begin in 2020 during De-Fi summer.



(5/21) When @compoundfinance released the \$COMP token, De-Fi was catapulted from walking-on-baby-legs to mad-dash-on-chain.

The \$COMP token boosted yields significantly and more advanced farming strategies became possible. Then other protocols copied and built on the system.



(6/21) Perhaps the coolest aspect of \$COMP its governance power over @compoundfinance. Token holders began to shape the direction of their protocols, often in very consequential ways.

As time passed, a problem emerged. How can you value this governance power?

(7/21) Consider two examples: [@Uniswap](#) and [@Wonderland_fi](#)

In 2020, Uniswap released the \$UNI token. At release, many bought \$UNI because they believed it will earn a portion of Uniswaps fees at some point in the future

Yet still, almost 2 years later, still no revenue sharing

(8/21) [@Wonderland_fi](#) is very different. The project was one of De-Fi's darling's the last bull run, but sputtered out in controversy after the association with [@oxSifu](#) was revealed

Well this week the governance power of \$TIME was used to buy \$25MM \$SIFU



(9/21) Both [@Uniswap](#) and [@Wonderland_fi](#) tell the same story (albeit in opposite directions): the market cannot efficiently price governance tokens. Let alone individual votes.

ve-tokens and the voting incentive systems built around them are an answer to this problem.

(10/21) ve-tokens in 3 bullets:

- Tokens are locked, making them not trade or sellable
- In return, users get ve-tokens granting them a share of protocol fees and voting power
- Voting power is used to direct future token emissions

More info here [📌](#)

Haym Salomon
@SalomonCrypto · Follow

(1/19) De-Fi 101: Tokens

From \$ETH to wrapped-ve-token, your guide to the money-legos that builders are using to create the future financial system

De-Fi Tokens			
COIN	GOVERN	veTOKEN	wrTOKEN
Liquid ✓	Liquid ✓	Liquid ✗	Liquid ✓
Utility ✗	Utility ✓	Utility ✓	Utility ✗
Votes ✗	Votes ✓	Votes ✓	Votes ✗
Yield ✓	Yield ✗	Yield ✓	Yield ✓
ETH (Ethereum)	MKR (Maker)	CRV (Curve)	cvxCRV (Convex)
USDC	AAVE (Aave)	PXS (Frax)	pitchPXS (Pitch)
Lido-staked ETH	UNI (Uniswap)	DFX (Dopex)	plsDPX (Plutus)

8:25 PM · Jul 2, 2022

[Read the full conversation on Twitter](#)

1K Reply Copy link

[Read 32 replies](#)

(11/21) This concept was developed by [@CurveFinance](#), but was supercharged by the introduction of [@ConvexFinance](#) ~a year later.

Convex locks \$CRV permanently and passes along the staking yield to a new token called \$cvxCRV. But it keeps all the voting power.

(12/21) [@ConvexFinance](#) allows holders of \$CVX to control the votes of the locked \$CRV (called \$veCRV).

That governance power decided who would receive future \$CRV tokens. Because \$CRV is extremely liquid and has a robust market price, making financial projections is possible.

(13/21) If you can predict the \$CRV emissions a vote will produce, then you should see how willing a \$CVX holder would be to vote your way.

Turns out, many will for just a few bucks a week... even if that means YOU earn way more money in \$CRV.

And so [@VotiumProtocol](#) was born.

(14/21) All of this tech and these concepts are new; the vocabulary had to/is growing along with the ideas. For a while, we've used the word bribing to refer to this activity.

But has been long enough, we know better now. Bribing is for [@stablekwon](#).

We will be incentivizing!

(15/21) So here's a proposed definition:

Voting Incentive System (n):

Crypto-based system in order to provide a mechanism for the fair and free market to value protocol governance. Usually built on top of ve-token systems. Created by Curve & Convex. Previously known as bribing

(16/21) I hope this discussion has helped you better understand what's happened so far in De-Fi. Voting incentives were a giant leap forward in building complex, integrated networks of protocols.

But all of that only brings us up to date. It's time to look to the future.

(17/21) Voting incentive systems merely expose the financial value of governance votes. The next step is to build tools and economies that leverage this new information.

For example, [@fiatdao](#) is using this concept to allocate its liquidation backstop.



Haym Salomon
@SalomonCrypto · [Follow](#)

Replying to @SalomonCrypto

(13/15) Alright, if you made it this far you deserve some alpha.

I was on a [@redactedcartel](#) community call with [@fiege_max](#) and he gave us a glimpse of the future of \$FDT... \$veFDT.

But don't get too comfortable, it's different than anything you've ever heard.

No emissions.

7:35 PM · Jun 23, 2022

2 · Reply · Copy link

[Read 1 reply](#)

(18/21) Or how about [@dopex_io](#)? With the release of Curve Interest Rate Options, Dopex has developed a derivatives market that ALREADY dwarfs its underlying market.

Soon protocols will be able to hedge their [@CurveFinance](#) APR across almost any pool.

Haym Salomon
@SalomonCrypto · Follow

(1/5) It's [@dopex_io](#) season. If you aren't reading about [\\$veDPX](#) you need to be reading about IROs...

The Curve Wars are being completely reshaped!

Here's a IRO graphic. The rest of this thread will be a short list of more materials on IROs.

PUSd Calls Epoch 1

Strike Rate	Liquidity
25%	\$17.5 MM
30%	\$2,000
35%	\$2.5 MM
40%	\$17.6 MM

\$37 MM Notional TVL liquidity

- 1) Buy Calls
- 2) Vote & Incentivize
- 3) 🚀

How can a shrimp defend itself?

PUSd Put Atlantic Option

If Spot Rate > Strike Rate, option value stays neutral

If Spot Rate < Strike Rate, buyer gets Strike - Spot

If the interest rate drops below spot rate the option gains value, locking in a fixed interest rate

PUSd Puts Epoch 1

Strike Rate	Liquidity
25%	\$149 K
30%	\$2.5 MM
35%	\$16 MM
40%	\$8,950

\$18 MM Notional TVL liquidity

- 1) Buy Puts
- 2) Open Beer
- 3) 🍺

PUSd IRO Liquidity vs PUSd TVL = 3.4x @SalomonCrypto

The Curve Wars just entered Modern Warfare

1:19 AM · Jun 25, 2022

[Read the full conversation on Twitter](#)

114 Reply Copy link

[Read 8 replies](#)

(19/21) Still not getting it? Well then you NEED to talk to the guys at [@Pitch_Money](#).

These guys have seen the future and believe in the voting incentive economy.



(20/21) So here we are, watching the idea of on-chain governance take form right before our eyes.

Bribing was the metaphor, incentivizing is the new term, but neither is a description of what's happening.

What's happening we are developing a free market for governance power!

(21/21) We are witnessing the birth of The World Computer, our gift to our grandchildren and their grandchildren.

Today we use questionable metaphors and memes, but that's ok... It's all part of the process.

The metaphors help us communicate the future!



A screenshot of a tweet from Haym Salomon (@SalomonCrypto). The tweet text reads: "I believe in @ethereum. I believe in DeFi. I believe in builders. Interested in learning more? So will our grandkids. Follow along as I try to take notes for future historians: bit.ly/SalomonTweets". Below the text is a video player showing a man in a blue shirt speaking, with a play button overlay. The video player includes a "Watch on Twitter" button in the top right corner. Below the video, the tweet is dated "5:26 PM · Jun 20, 2022" and shows 38 likes, a "Reply" button, and a "Copy link" button. At the bottom, there is a button that says "Read 2 replies".

Haym Salomon
@SalomonCrypto · Follow

I believe in @ethereum. I believe in DeFi. I believe in builders.

Interested in learning more? So will our grandkids. Follow along as I try to take notes for future historians:

bit.ly/SalomonTweets


5:26 PM · Jun 20, 2022

38 Reply Copy link

Read 2 replies

Like what you read? Help me spread the word by retweeting the thread (linked below).

Follow me for more explainers and as much alpha as I can possibly serve.



A screenshot of a tweet from Haym Salomon (@SalomonCrypto) dated July 3, 2022. The tweet is the first in a thread (1/21) and discusses the concept of bribing in the context of De-Fi. It asks if it's sustainable and how to explain it to one's mother, specifically mentioning @GaryGensler. The tweet has 39 likes and 3 replies. The interface includes a profile picture, name, handle, follow button, tweet text, timestamp, and interaction icons (heart, reply, copy link).

Haym Salomon
@SalomonCrypto · [Follow](#)

(1/21) So let's just address the elephant in the room: bribing.

What is it? Is it sustainable? How am I going to explain this to my mom, let alone [@GaryGensler](#)?

Read on to learn more about ve-tokens, voting incentives and the systems you're seeing all over De-Fi!

6:49 PM · Jul 3, 2022

[Read the full conversation on Twitter](#)

39 Reply Copy link

[Read 3 replies](#)

...