

Welcome to the Merit Circle DAO resource hub!

Here, you can find out everything related to the DAO, including its mission, goals and activities. Consider this space as our white-paper, which is continually revised and adjusted as the scope and scale of the DAO's activities change.

The following documentation aims to provide a detailed overview of the DAO's structure, the way it functions and the decision-making process. This aims to assist newcomers and current members to navigate our structure, and stay informed on our development and initiatives.

Merit Circle and \$MC

This section outlines the structure of the Merit Circle DAO, outlines the governance procedures and presents the use-cases of the \$MC token.

Pages in this section include 

- [DAO Structure](#)
- [\\$MC](#)
- [Developer documentation](#)
- [Governance](#)

DAO Verticals


In this section, we cover the 4 main pillars that group the activities of the DAO. With a separate set of goals and ambitions for each, these verticals come together to form a value-driven ecosystem for Merit Circle.

Pages in this section include 

- [Investments](#)
- [Gaming](#)
- [Studios](#)
- [Sphere](#)

MC Helpdesk

Are you here for Staking? Go here ->  [Staking v2](#)

Are you here for Sphere? Go here ->  [Sphere](#)

Are you here for the Gaming Platform? Go here ->  [Gaming](#)

Are you looking for the governance forum? Click [here](#)

Any other burning questions? Go here ->  [FAQ](#)

● Introducing Merit Circle



Merit Circle is a decentralized autonomous organization (DAO) that is on a mission to revolutionize gaming. As a DAO, our mission is to revolutionize gaming by empowering individuals to play a role in shaping its future.

As the DAO has grown and evolved, so too has our ability to support, create and positively influence the GameFi industry. Merit Circle's activities and products are now housed under four distinct branches - Investments, Marketplace, Gaming and Studios. These verticals focus our ambitions, and allow us to positively impact key areas in the Web3 landscape. Bringing these verticals together creates a vibrant network of products, tools and services that users can utilize to begin their journey in the decentralized gaming industry.

Vertically integrated gaming DAO

The Merit Circle DAO consists of four verticals. Each vertical can stand-alone with its respective products but together they create an ecosystem that adds value to the Merit Circle DAO and, thereby, the \$MC token as illustrated in the image below.



The ecosystem of the Merit Circle Gaming DAO

Merit Circle Investments

Web3 has not only made gaming entertaining but rewarding for gamers and investors. Since its inception, the Merit Circle DAO has invested in countless projects in the space and has worked hard to create a resilient treasury consisting of venture, token, NFT investments and staking operations. The focus of this vertical is to make sure that the treasury is run with the goal of improving long-term risk-adjusted returns. This will serve to promote the growth of the broader Merit Circle gaming DAO.



Merit Circle Gaming

Just as the body requires blood to run through its veins, the Merit Circle DAO is intrinsically connected to the world of gaming. We love gaming: we invest in games, incubate games, have thousands of gamers in our community and, with the development of our gaming platform, we are bringing it all together in one place. Merit Circle is a gaming DAO that dives deep into the gaming industry and we are on a mission to make Merit Circle synonymous with Blockchain gaming.



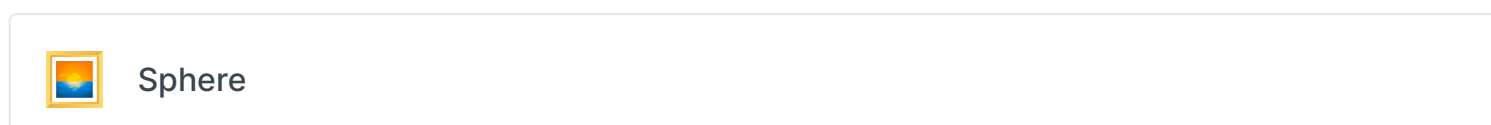
Merit Circle Studios

The Merit Circle Studios houses our ambitions to create innovative projects and collaborate with the most promising projects. Using the force of the entire DAO, we can combine our skillset, expertise, community and significant treasury in creating an open and creative space. The aim of this vertical is to formalize a space where new projects, that push ground-breaking concepts, are incubated and where core contributors in the DAO can work on publishing concepts of our own.



Our NFT Marketplace - Sphere

With the dominance of the NFT space in the decentralized gaming industry, we have noticed some clear issues regarding the centralization of power, in addition to fragmented markets. We would like to set an industry standard, by introducing Sphere. With our experience in the decentralized gaming industry, we would like to extend our sustainable model by filling the current gap in the NFT market. Our focus in this vertical is to establish a new standard of NFT marketplaces, by overcoming the common pitfalls of this space.



DAO structure ⋮

The Merit Circle DAO is a decentralized organization, meaning that no one central party has full authority over the organization. Through our governance forum; our community of investors, gamers and Web3 partners use their \$MC tokens to vote on MIPs (Merit Circle Improvement Proposals). These proposals are introduced, discussed and voted on in a democratic manner, and can greatly influence the scope of the DAO's activities.

Since our inception, the DAO has undergone a significant restructuring to evolve with the changes in the industry and to position ourselves as a leader in the space. Early proposals lay the foundation of procedures for the DAO to begin dispensing its assets and making investments. As we began to scale, it became necessary to group and delegate certain duties to integral contributors in the DAO. The layout of the current DAO structure was introduced in [MIP-17](#), which aimed to formalize the relationships it had with these core contributors. This would not only help us to better manage the various functions of the DAO, but also to clearly define the legal rights of our token holders.

Merit Circle is a vertically integrated gaming DAO, with its activities organized into 4 distinct groups: Investments, Studios, Gaming and Marketplace. The actions taken in each vertical are governed by the decisions of \$MC token holders. Earlier MIPs (such as [MIP-2](#)) managed the DAOs investments by the formation of an investment committee and investment mandates. Proposals for the development of the gaming platform ([MIP-4](#)) and NFT marketplace ([MIP-17](#)) also passed, allowing core contributors to begin building out the products of the two verticals.

Digital assets are directly held by the DAO through the wallets that are held by the distributed and selected multi-signatories. This ensures that decision-making surrounding the envisioned activities of the DAO continue to be managed by the community. With the DAO's digital activities built out, the physical aspect of its corporate structure needed to be clarified. Under [MIP-17](#), the Merit Circle DAO Trust was formed, an entity holding ownership of MCL (the bootstrapping entity of the DAO) and MCDAO Ltd (the administrative entity of the DAO). The trust acts in accordance with DAO governance, and ensures that its equity, assets and IP are legally protected.

[MIP-17](#) also details the involvement of Orange Pill Ltd, a software development company that is tasked with managing the main development activities of the DAO. Orange Pill was also voted to manage the social channels, and other general infrastructure for Merit Circle. Operating as a separate entity, the organization is given mandates to execute on behalf of the DAO. The DAO remains flexible, as community members reserve their right to discuss changes in operations and thus the contractors that it takes on.

We are focused on remaining agile throughout the changing tides in our industry; and will continue to explore improvements for our DAO structure that protects our assets and token holders. Going forward, we will continue to focus on stimulating growth, decentralize decision-making and promote treasury conservation.

As a decentralized autonomous organization, we have a flexible workforce that contributes to the success of our organization. The DAO has many talented actors working on behalf of the DAO.

Some of these are contracted by the DAO, others are contributing of their own accord. The sort of stakeholders varies from gamers, tokenholders and funds to cooperations and other DAOs. From small to big, from known actors to (pseudo) anonymous actors.

Below you can find a list of known DAO contributors. This does not include most smaller contributors, the complete list of DAO contributors is much larger and ever-changing.

DAO core contributors

- CitizenX
- Flow Ventures LP
- Maven11
- Orange Pill
- OPCrypto
- Sad Cat Capital

Seed contributors (Entities)

- DeFiance Capital
- Mechanism Capital
- Maven11
- DCG (Digital Currency Group)
- Spartan Group
- CitizenX
- OP Crypto
- BitScale Capital

Seed contributors (Individuals)

- [Alex](#) (Nansen)
- BR Capital
- Bobby (Coingecko)
- Calvin Liu (Impossible Finance)
- Coin98
- Danish Chaudry
- Danny Wilson (Illuvium)
- [Darren Lau](#) (The Daily Ape)
- Darryl Lau
- David Post (Chainlink)
- DeFi Chad
- [Gmoney](#)
- Isaac (Nansen)
- Jasper (Flux)
- Kristaps Vaivods (Hash Rush)
- [Miss Bitcoin](#)
- Pavel Bains (MixMob, Bluzelle)
- Perpetual Protocol
- Peter (Flux)
- [Piers](#)
- Richard (Quantstamp)
- Ryan Berkun (Teller)
- [Satoshi Stacker](#)
- Sergei Chan
- Tin Nguyen (Sipher)

The MC token is the heart of our DAO. Through various inventive ways, we're giving utility and value to our token. By doing so, we're ensuring that all contributors to the DAO, whether on a short or long timescale, are incentivized to acquire and retain the MC token. To best describe what holding our token unlocks, we've broken it down into the following categories:

Governance

Owning even a fraction of a MC token gives the holder a voice in the future of the DAO. This includes big or small decision making. While the initial contributors to the Merit Circle DAO began with an initial infrastructure and purpose for the organization, the journey ahead is open to change.

Similar to established organizations, the Merit Circle **governance forum** will be a place where governance members can share their opinion by broadcasting discussion threads or proposals to other members of the organization. Each tokenholder can vote to either accept or reject any proposal that proceeds to a vote. In an aim to decentralize our entire community of gamers, contributors and other stakeholders, the Merit Circle DAO has sought to obtain a widespread distribution of the MC token.

More information regarding the exact logistics of the DAO and its governance can be found on this page.



Governance

Decentralized gaming index

Since we're focused on the gaming industry as a whole, by owning a piece of the MC token, players may get to participate in dozens of games and NFTs. In a sense, Merit Circle functions as a decentralized gaming index. This index can be defined as follows;

"A Decentralized Gaming Index (DGI) is an index that tracks the performance of decentralized gaming projects and assets. This can include NFTs (Non-Fungible Tokens), tokens, and other digital assets but also include equity positions. The goal of this index is to provide a comprehensive and reliable representation of the overall performance of the decentralized gaming sector, offering insights and information to investors, gamers, and other stakeholders."

Betting on Merit Circle is betting on the decentralized gaming industry to increase in value and size over time. Where we do invest strongly into the gaming industry, our treasury does not reflect the industry as a whole. The positions we currently hold are chosen deliberately.

Staking & other privileges

Visit the staking platform --> [here](#).

The MC token (including MC/ETH Uni-v2 LP tokens) can be staked, which pursuant to the current staking smart contracts may provide stakers with increased voting power and eligibility to receive additional MC tokens (to further increase the voting power). The increase in voting power and eligibility to receive additional MC tokens depends on the duration that a staker locks up the MC tokens in the staking smart contracts, in addition to other factors. See more information on this page.

Merit Circle is at the forefront of the crypto gaming industry, partnering with multiple games. Through these partnerships or through its own ecosystem, the DAO may have the ability to offer NFT drops, exclusive in-game benefits and early access to these games among other exciting structures.

The MC token is a versatile token and other use-cases may appear in the future as our DAO and technology progresses.

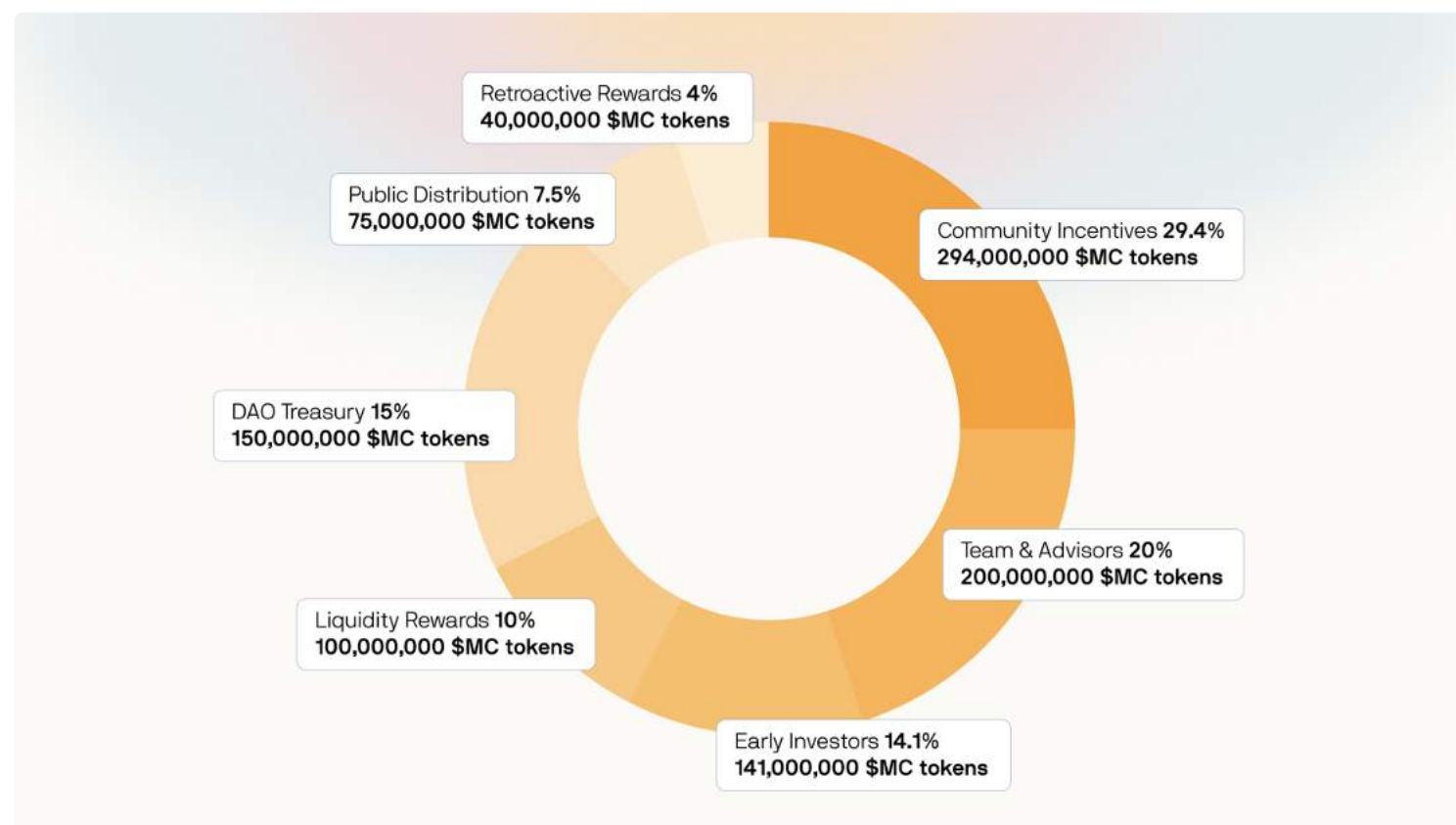
● Token distribution

Page discusses tokenomics, seed round, notable partners, vesting, BLBP

Disclaimer: The information below represents the initial token distribution when the DAO emerged in November 2021. This is not a representation of the current token distribution. For the most recent visualization of \$MC, visit our [treasury dashboard](#).

Initially, a total supply of 1,000,000,000 \$MC tokens were minted. These tokens are to be distributed to the following stakeholders within the DAO:

- **Community Incentives** - through various means we want to reward our community for their efforts in contributing to our DAO's success - 29.4% (294,000,000 MC tokens) -> [Wallet](#)
- **Contributors** - rewarding the core contributors and advisors for their full-time effort to our DAO's success- 20% (200,000,000 MC tokens) -> [Wallet](#)
- **DAO Treasury** - a position in the entire DAO's treasury will consist of MC tokens - 15% (150,000,000 MC tokens) -> [Wallet](#)
- **Early Contributors** - the contributors that participated in our seed round - 14.1% (141,000,000 MC tokens) -> [Wallet](#)
- **Liquidity Rewards** - incentives for providing liquidity on decentralized exchanges - 10% (100,000,000 MC tokens)
- **Public Distribution** - tokens set aside for the public round - 7.5% (75,000,000 MC tokens)
- **Retroactive Rewards** - reward for the earliest backers in the Axie420 period - 4% (40,000,000 MC tokens) -> [Wallet](#)



The above chart does not replicate the current situation since the total supply of 1,000,000,000 will never be reached with the implementation of [MIP-7](#). For an accurate reflection of the token distribution, head to our [treasury dashboard](#).

✓ Accountability



The Merit Circle DAO prides itself for being as transparent and accountable as possible. On that note, the DAO has started an initiative to bridge the gap between the community members and the investors in the seed round. We have issued a call to action to all of our early stakeholders. This call to action aligns with our ethos to strive for maximum transparency and accountability.

This effort is best described in [this topic](#) on our governance forum.

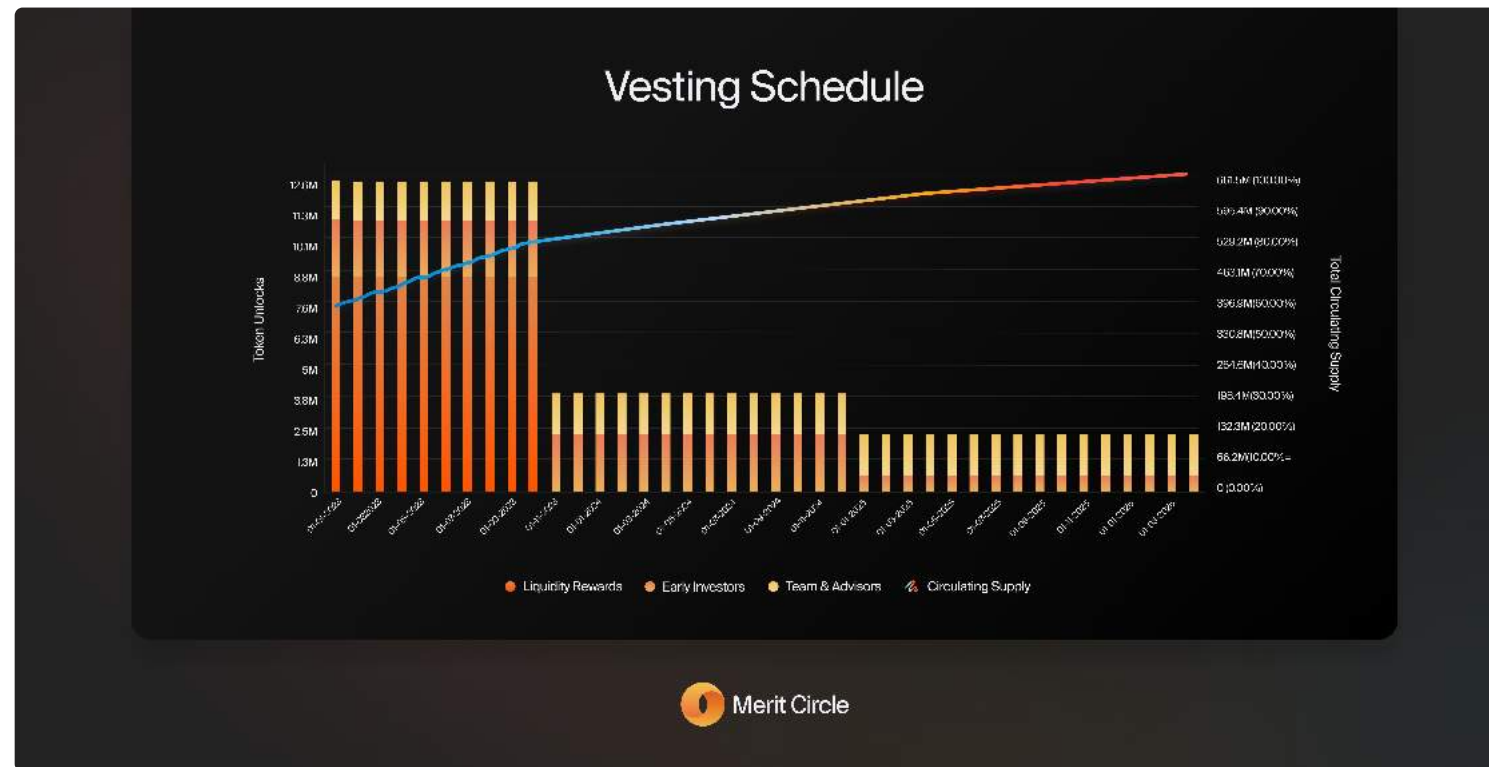
Early stakeholders threads

Beneath, we breakdown each entity that has publicly shared a thread on their efforts for the Merit Circle DAO. To address accountability, each stakeholder will also have their receiving wallet address made public.

Entity	Forum thread	Wallet address
Blitscale Capital		0x3BdEAA9c566E2444C7A e79514d7F5789A05cCbFC
CitizenX	https://gov.meritcircle.io/t/citizen-x-fund-contributions-the-value-addoorr/592	0x9e70D2DA1f52097788C1 36AF923906F745E479d3
DCG (Digital Currency Group)		0xA401f994975E1F82170A9 040e0a42D9B4256eDaf
DeFiance Capital	https://gov.meritcircle.io/t/defiance-capital-fund-contributions/455	0x1E138759baED8a1139376 a475Bf7f08053ACA016 & 0xE97eb050Fa3e677e79E4 ebEe7EF9c9c7D026377D
Dialectic Capital		0xE7DcdBDBA3D7f438B16F 6ffAf6358446F2003985
Maven11	https://gov.meritcircle.io/t/maven11-fund-contributions/446	0xa1D57592fb5dbb9035a7 30a09Ba883cf13B1a7aa
Mechanism Capital	https://gov.meritcircle.io/t/mechanism-capital-mechanism-play-fund-contributions/438/2	0x323D95D3c6D199AD9d0 35e122115F5a5b58F5F83
OP Crypto	https://gov.meritcircle.io/t/op-crypto-fund-contributions/621	0x35E6395d2063bD5f12DB 62E55707CEe3E549B30f
Spartan Group	https://gov.meritcircle.io/t/spartan-capital-fund-contributions/466/	0x52760Ab3f1e81Ff4b49d0 C25D5F365f17B64698c
YGG	https://gov.meritcircle.io/t/yield-guild-games-gaming-guild-contributions/449	0xB981290d9d8040759864 82F0302c03A3Cd2aFf32

This table will be updated with each entity sharing their thread on the governance forum

Vesting



The schedule above was created in January 2023, but is constantly changing.

View our [treasury dashboard](#) for an up-to-date chart of the vesting schedule.

Vesting for all categories except the public distribution including lockups per category can be found below:

- **Community Incentives** - Entirely burned per [MIP-20](#).
- **Contributors** - 12 months cliff period followed by 42 months vesting
- **DAO Treasury** - no cliff period, 36 months vesting - tokens can only be allocated based on approved governance proposals
- **Early Contributors** - 6 months cliff period followed by 36 months vesting
- **Liquidity Rewards** - 12 months cliff period after claiming (refer to information below)
- **Public Distribution** - no vesting
- **Retroactive Rewards** - 10% distribution after TGE, remaining part 18 months vesting

▶ Staking v2



Similar to the previous staking pools, we are incorporating a time-based element into the calculation for the liquidity mining rewards. This model perfectly rewards long-term stakers. After the launch of the new pools, all token holders (except locked tokens) are able to stake the tokens within two different vaults:

- **MC** → Single-sided staking pool. This pool will receive 20% of the liquidity mining rewards
- **MC/ETH LP** → Liquidity position of 50% MC and 50% ETH. This pool will receive 80% of the liquidity mining rewards

When staking your tokens, you can choose for a certain lockup, ranging from 0 (flexible) to 48 months (locked). The longer your MC tokens are locked up, the higher the respective share of the pool and, therefore, the higher your rewards. Additionally, when locking your tokens longer, the more voting power you hold.

Below you will find a couple of examples of how this mechanism will work. We calculated the differences between locking flexible, for 12 months, for 24 months and for 4 years:

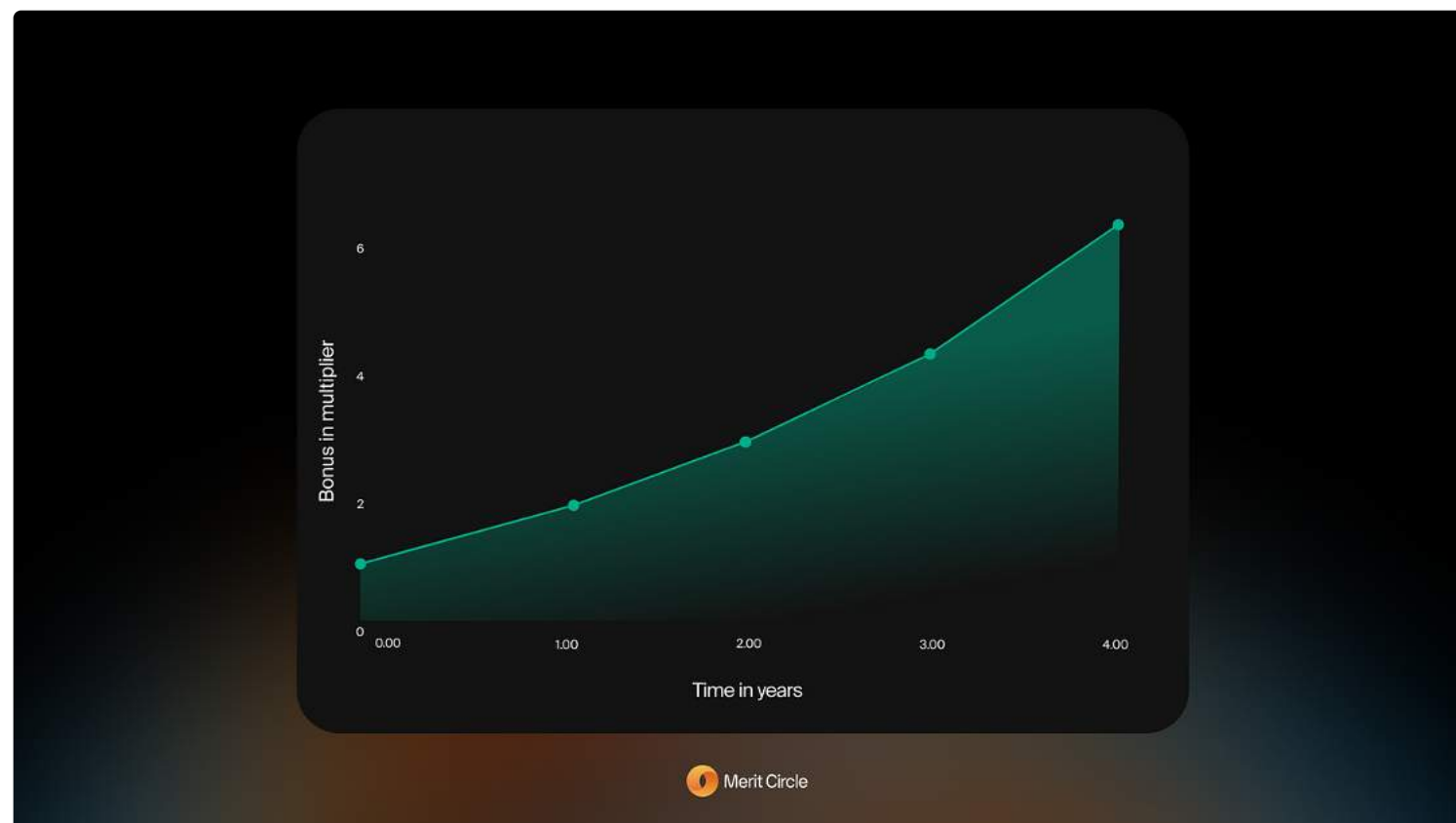
Staker 1: Doesn't want to lock the underlying tokens and therefore got a weight of 1*

Staker 2: Locks their MC tokens for 12 months and therefore got a weight of 1.65

Staker 3: Locks their MC tokens for 24 months and therefore got a weight of 2.5

Staker 4: Locks their MC tokens for 48 months and therefore got a weight of 6

For security reasons, the minimum lock is 1 day. Thus flexible staking equals locking your tokens for 1 day, and therefore receives a weight of 1.



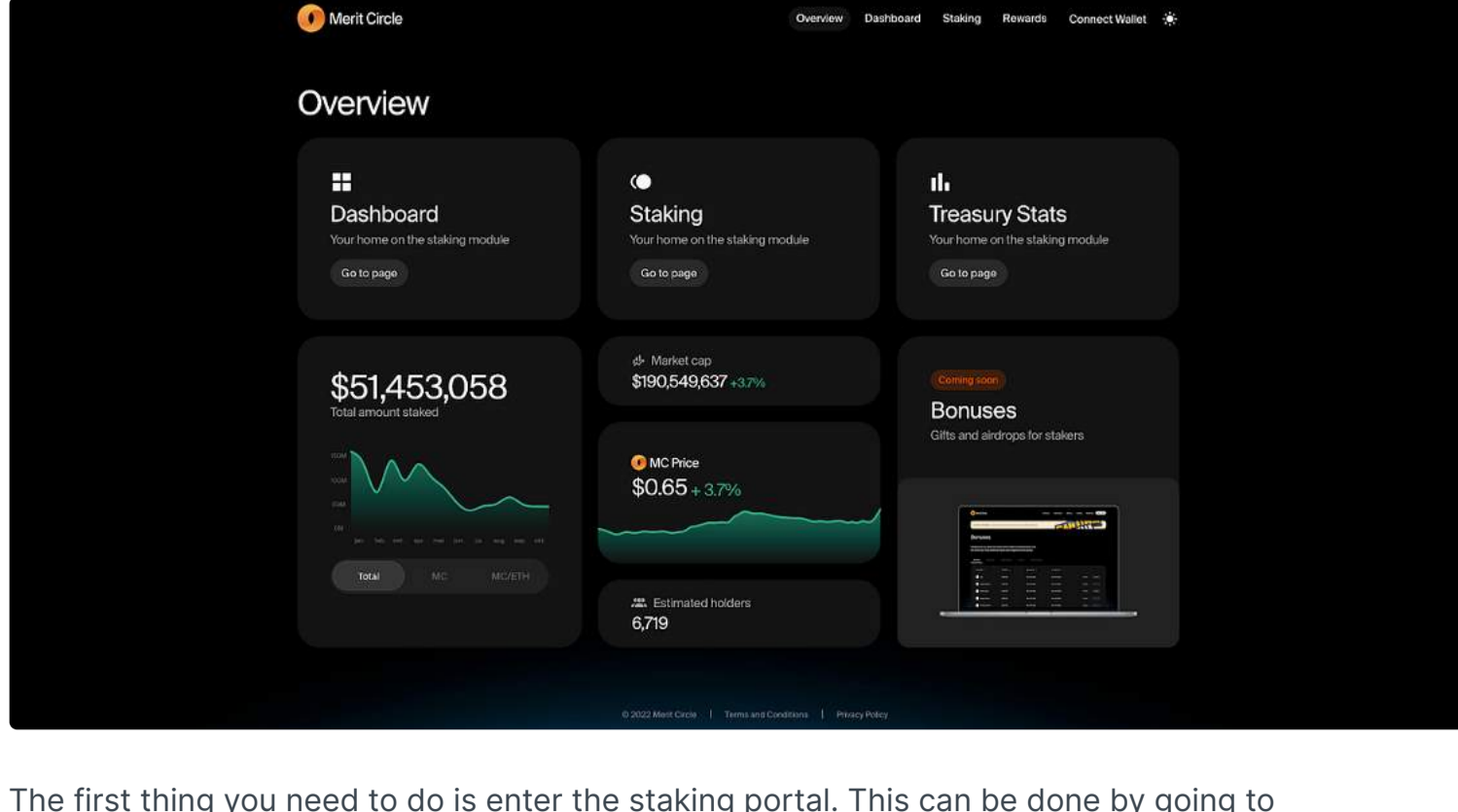
As voted in [MIP-19](#), a total of 30,000,000 MC is utilized for staking rewards allocated starting on the 8th of November 2022 to November 2023. Prior to the year concluding, a new staking policy poll will occur determining the rewards for the upcoming year.

How to start staking?

Tutorial on how to start staking your MC tokens.

How to stake your MC tokens

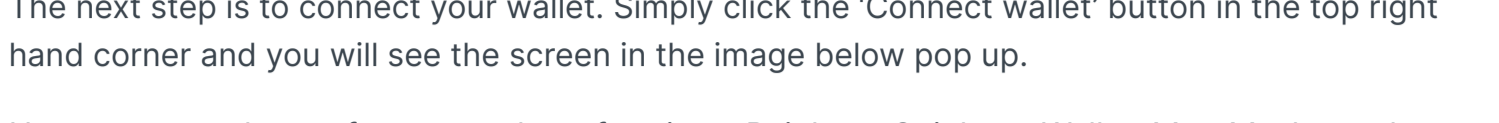
Step 1 — Enter the staking portal



The first thing you need to do is enter the staking portal. This can be done by going to staking.meritcircle.io where you will be greeted with the 'Overview' page that shows some basic information and statistics about the staking portal.

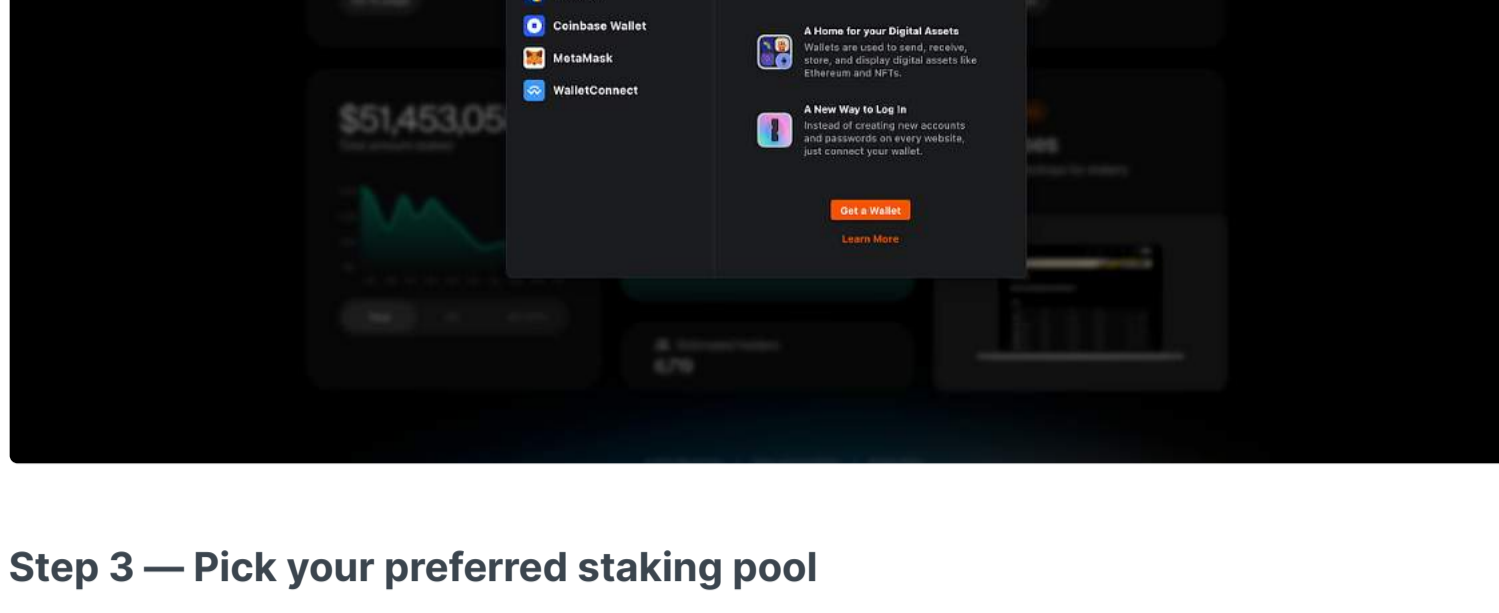
Please ensure that you only follow the official links in this article.

Step 2 — Connect your wallet

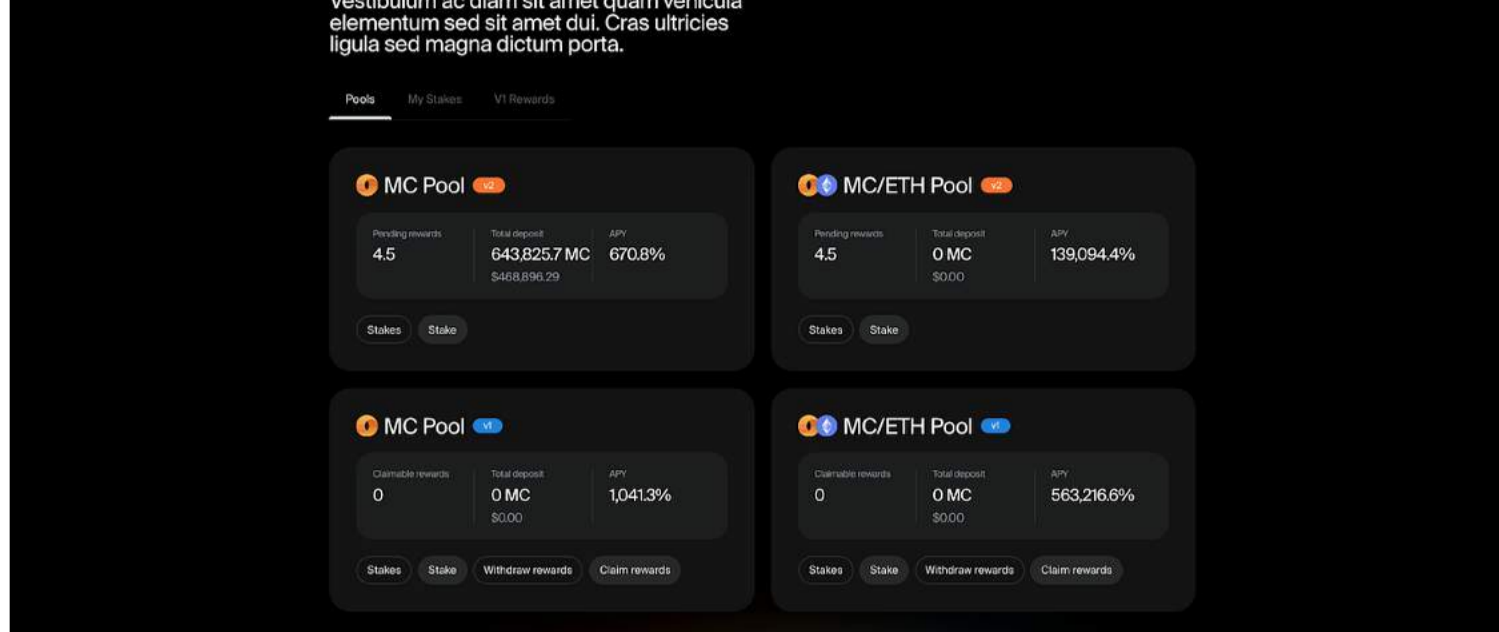


The next step is to connect your wallet. Simply click the 'Connect wallet' button in the top right hand corner and you will see the screen in the image below pop up.

Here, you can choose from a number of options: Rainbow, Coinbase Wallet, MetaMask or other web3 wallets through WalletConnect.



Step 3 — Pick your preferred staking pool



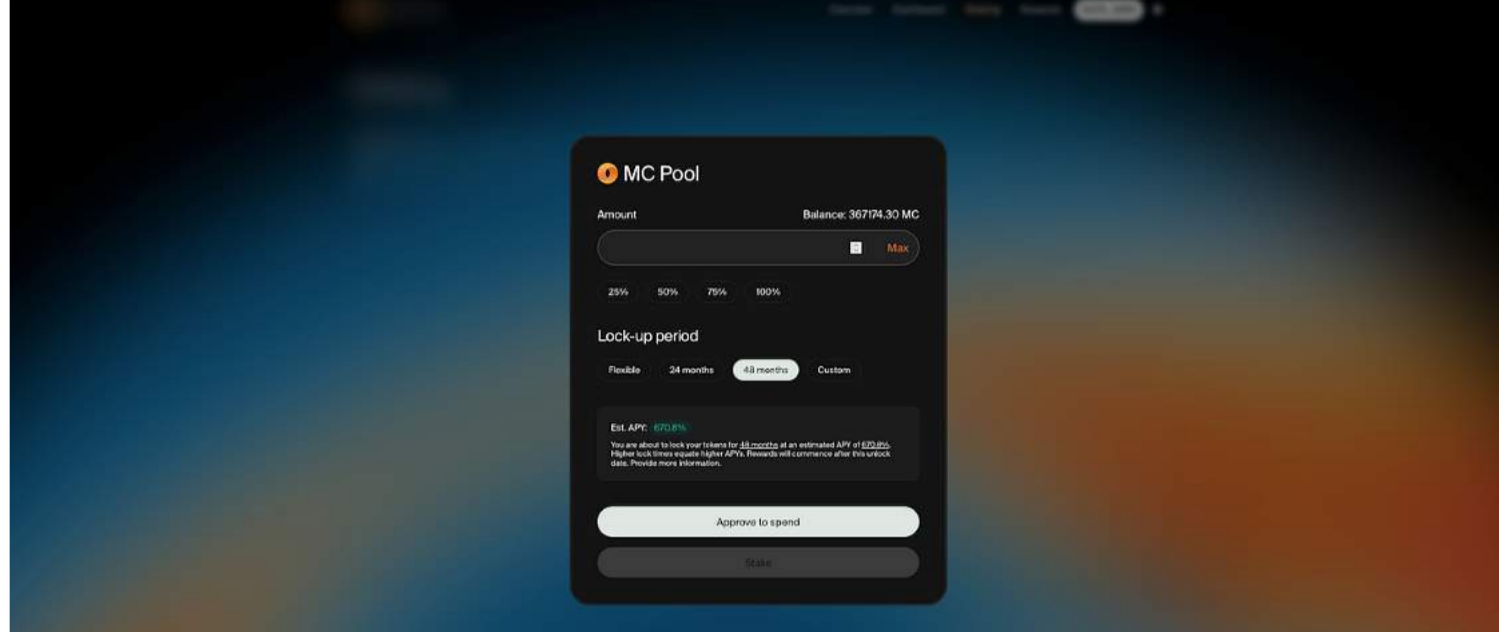
After you have connected your wallet, you're ready to start staking. The next step is to pick the staking pool of your choice. In the menu bar, choose 'stake', which will open up the screen below. This will show you the available staking pools. Press 'Stake' on your desired pool.

*80% of the entire staking rewards will go to those providing liquidity on Uniswap v2. Therefore, it's important to understand providing liquidity on Uniswap v2 — Please scroll down for a small tutorial. **Those providing liquidity on Uniswap V3 will not receive rewards.**

- When providing liquidity, make sure you use Uniswap v2 via [this link](#)

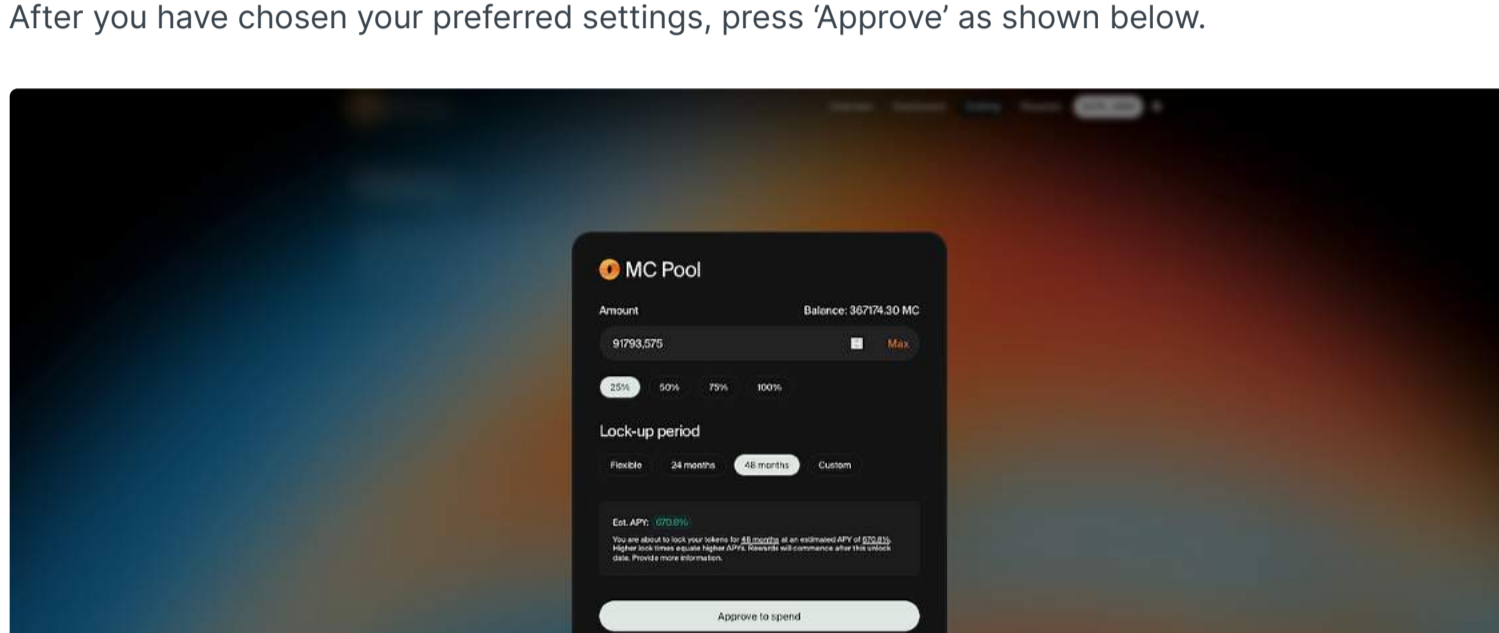
Step 4 — Pick your settings

You should now choose the settings that work for you. As mentioned above, you have the ability to choose between flexible and locked staking. Locked staking can increase your rewards over time depending on the duration of your lock.

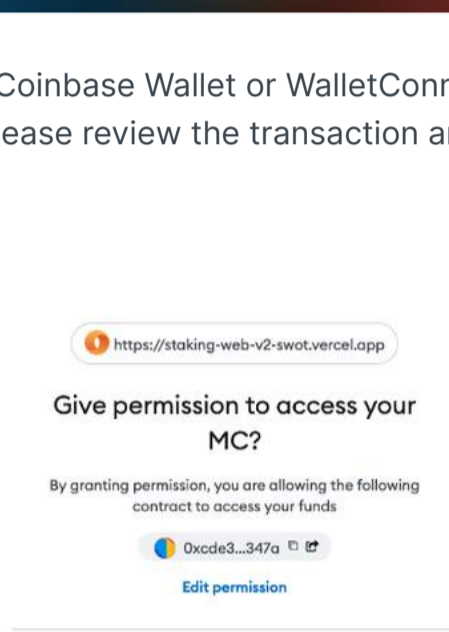


Step 5 — Approve

After you have chosen your preferred settings, press 'Approve' as shown below.



A MetaMask prompt (or Rainbow, Coinbase Wallet or WalletConnect) will then appear and you'll have to confirm the transaction. Please review the transaction and the gas fees before confirming your transaction.



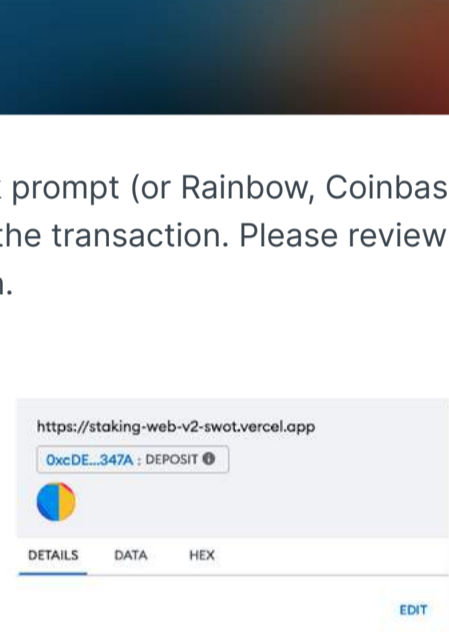
After you have confirmed your transaction, please wait patiently as the Ethereum blockchain has to confirm the transaction at the other end.

Step 6 — Staking

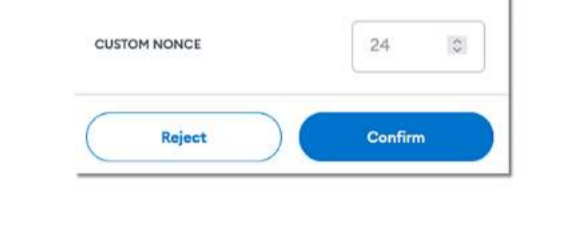
After you have approved the contract to spend your MC tokens, you have to make the second transaction to stake your tokens. Instead of 'Approve', you will now see 'Stake'.



Once you press stake, a MetaMask prompt (or Rainbow, Coinbase Wallet or WalletConnect) will appear and you'll have to confirm the transaction. Please review the transaction and the gas fees before confirming your transaction.

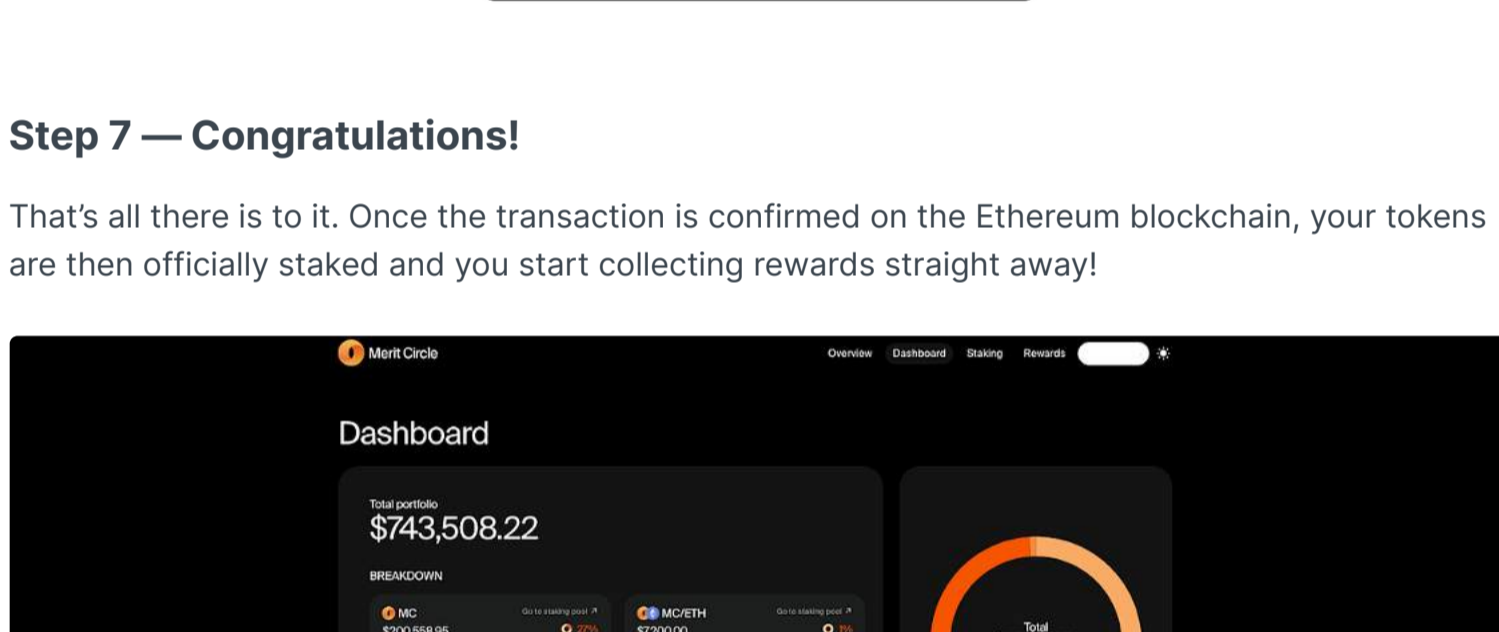


Once the transaction is confirmed, you will see a pop-up notification stating a confirmation message including the amount you deposited.

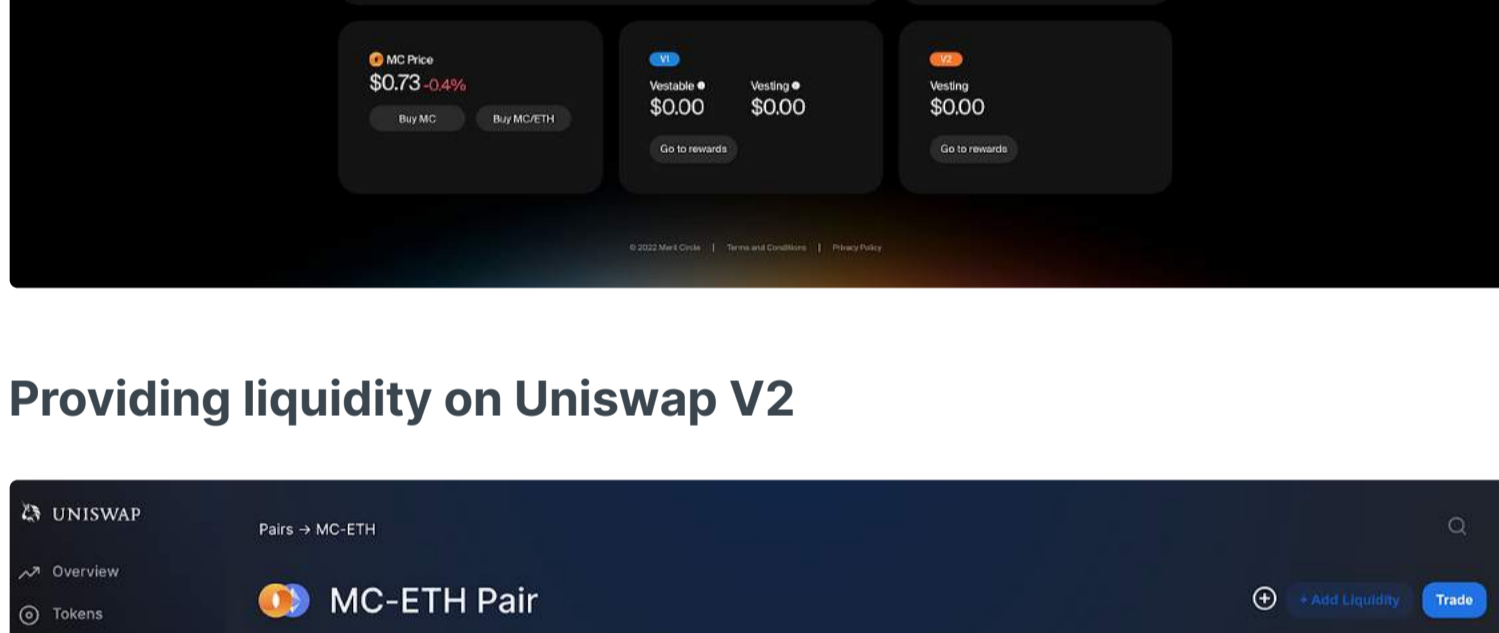


Step 7 — Congratulations!

That's all there is to it. Once the transaction is confirmed on the Ethereum blockchain, your tokens are then officially staked and you start collecting rewards straight away!



Providing liquidity on Uniswap V2

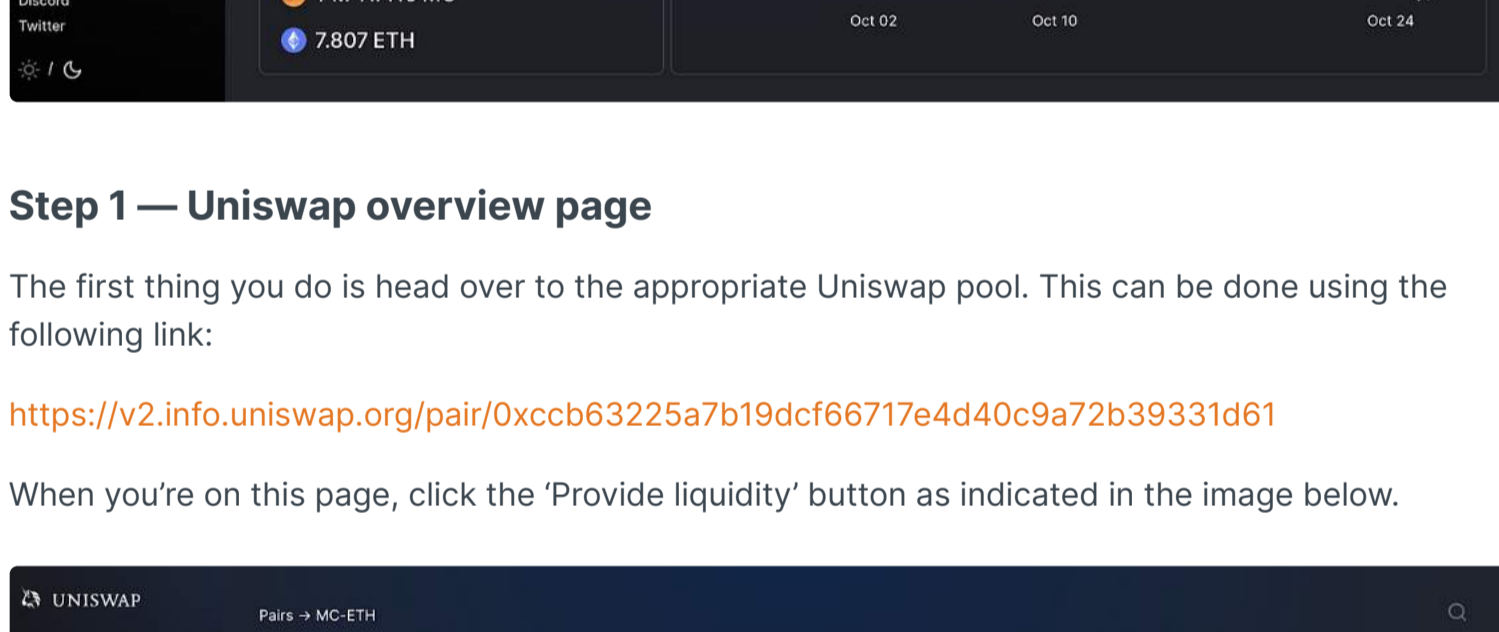


Step 1 — Uniswap overview page

The first thing you do is head over to the appropriate Uniswap pool. This can be done using the following link:

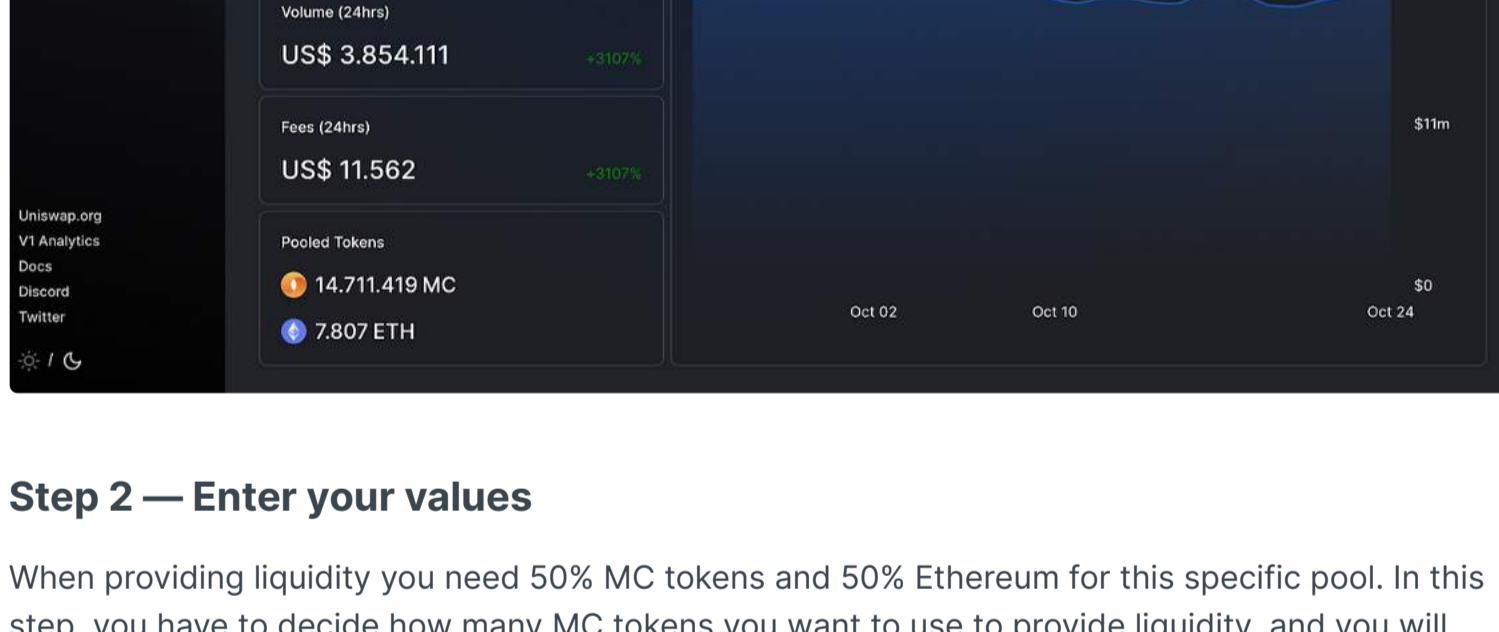
<https://v2.info.uniswap.org/pair/0xccb63225a7b194cf6671e4d40c9a72b39331d61>

When you're on this page, click the 'Provide liquidity' button as indicated in the image below.



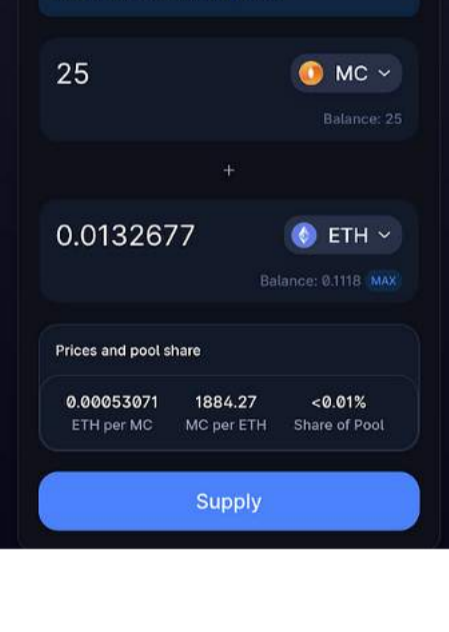
Step 2 — Enter your values

When providing liquidity you need 50% MC tokens and 50% Ethereum for this specific pool. In this step, you have to decide how many MC tokens you want to use to provide liquidity, and you will see how much ETH you need on the other hand. This is shown in the image below.



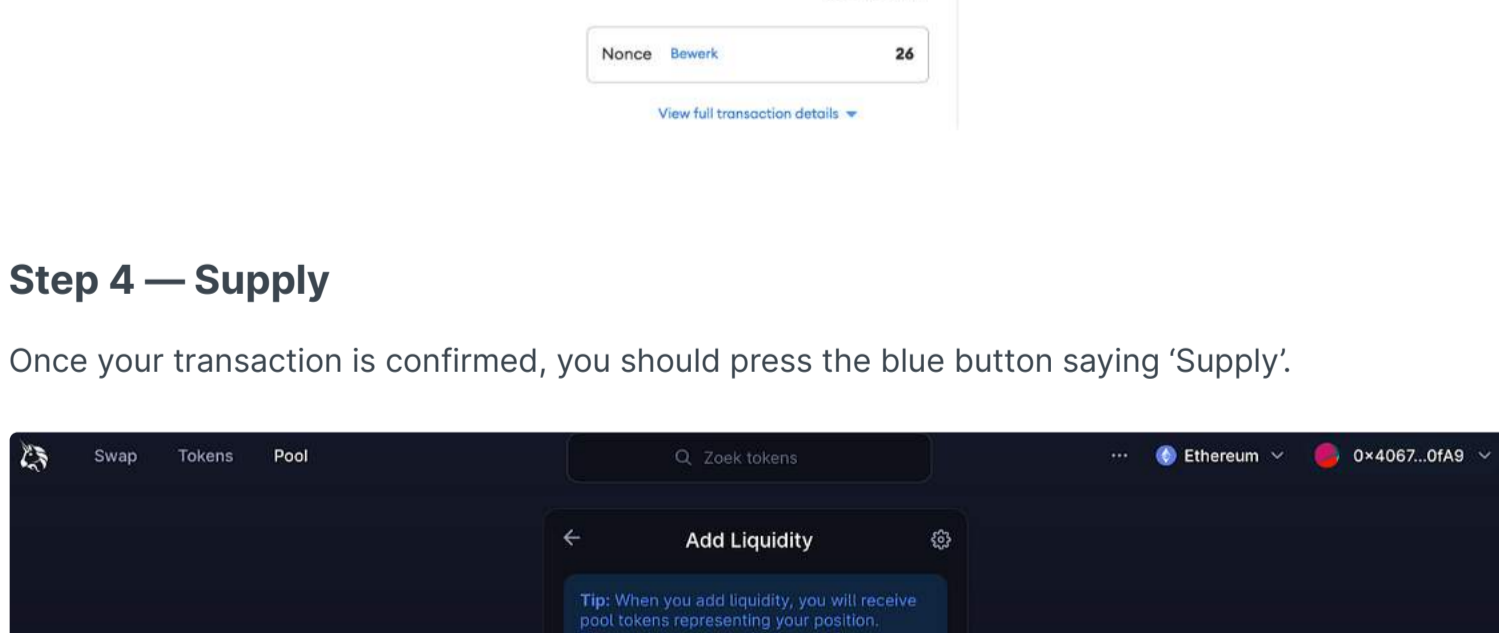
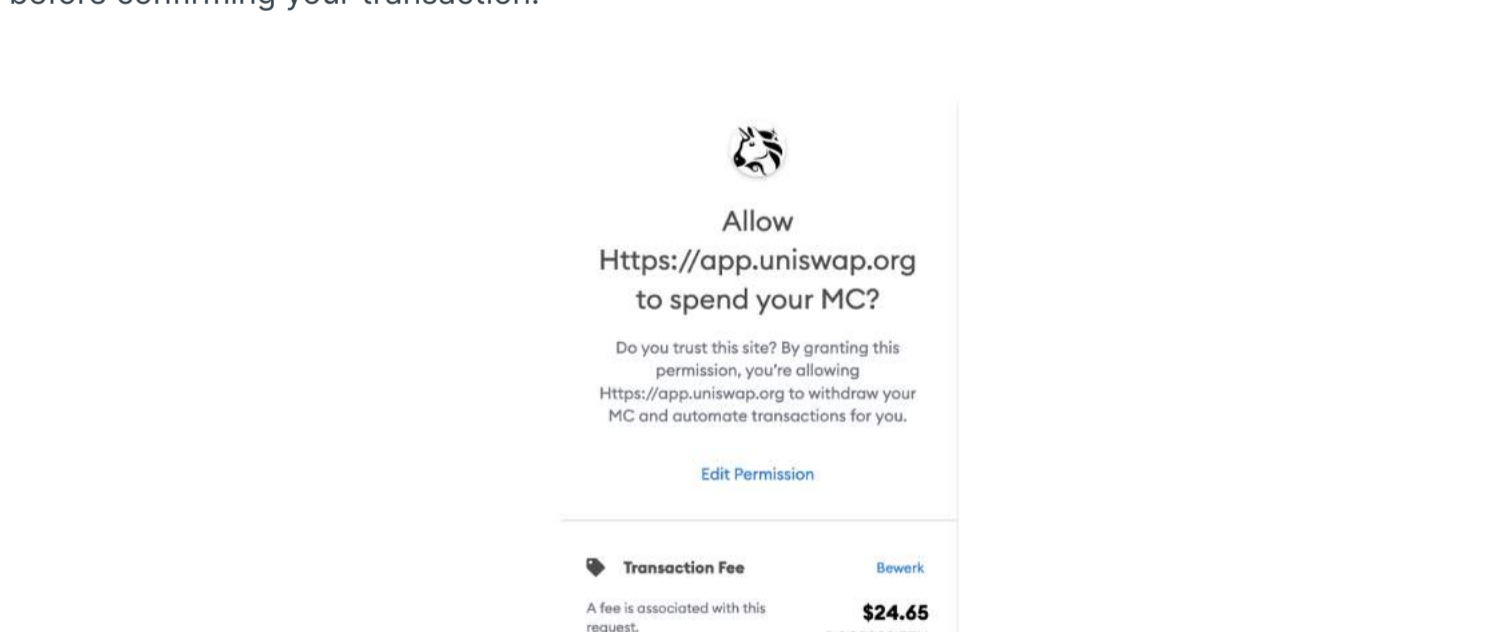
Step 3 — Approve

When you select the right amount, it's time to approve the transaction by pressing 'Approve MC'. Once you press 'Approve', a MetaMask prompt (or Rainbow, Coinbase Wallet or WalletConnect) will appear and you'll have to confirm the transaction. Please review the transaction and the gas fees before confirming your transaction.



Step 4 — Supply

Once your transaction is confirmed, you should press the blue button saying 'Supply'.

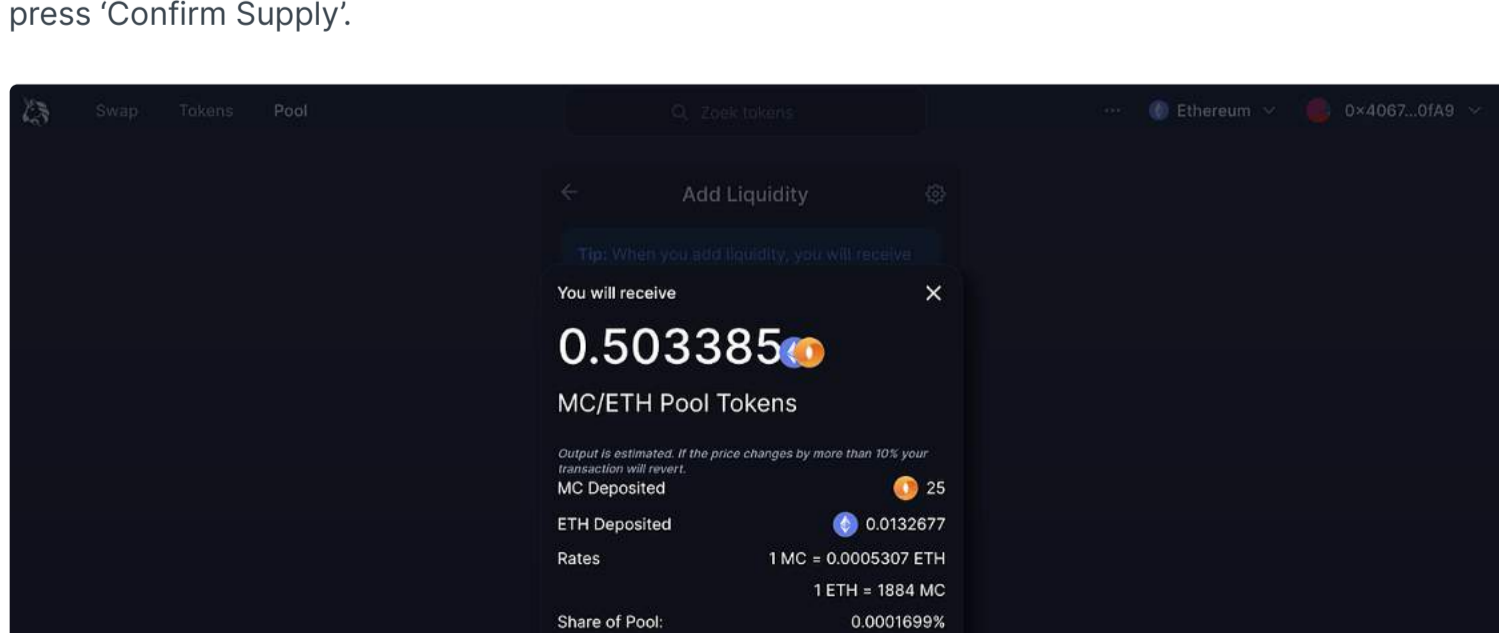


Once you press 'Confirm Supply' a MetaMask prompt (or Rainbow, Coinbase Wallet or WalletConnect) will appear and you'll have to confirm the transaction. Please review the transaction and the gas fees before confirming your transaction.

Step 5 — Congratulations!

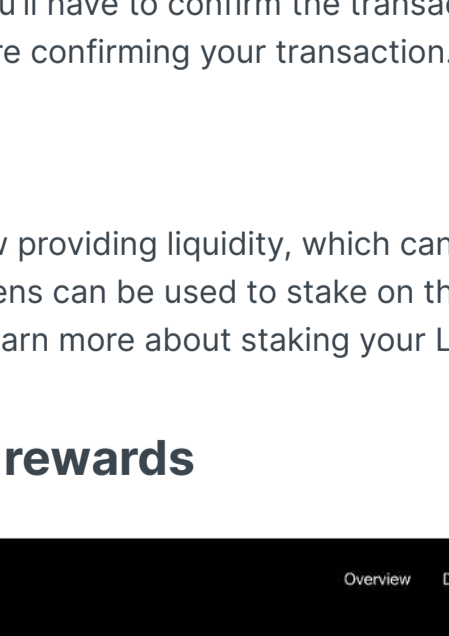
That's all there is to it! You are now providing liquidity, which can be indicated by the LP tokens you received in your wallet. These tokens can be used to stake on the Merit Circle staking portal. Head back to the top of the tutorial to learn more about staking your LP tokens.

How to claim your MC rewards



Claiming your rewards works in the same way as staking. You simply head over to the 'Rewards' tab and search for the pool that shows a positive balance in the 'Claimable rewards' column.

Start by pressing 'Claim' which will bring up a MetaMask prompt (or Coinbase Wallet or WalletConnect) where you'll have to confirm the transaction. Please review the transaction and the gas fees before confirming your transaction.



Please be aware that rewards are subject to a 12 month lock as described in our [token economics](#).

Disclaimers ⋮

Disclaimer

Before interacting with the Merit Circle DAO staking smart contract, please carefully review these [disclaimers](#) and disclosures, [MIP-19 \(Upgrading to staking v2\)](#), any applicable terms and conditions, and the [open-source code of the staking smart contract](#). Use the technology only at your own risk, and do not rely on information available in the Merit Circle DAO [GitBook](#), [Medium account](#), [Substack account](#) or other channels for making any decisions regarding staking. By using the staking smart contract you confirm that you acknowledge, accept and understand all the risks associated with the use of it and hereby accept and confirm that you assume all responsibility relating to staking.

Phasing out v1 rewards

Considering the v1 staking pools can't be upgraded, they need to be phased out gradually. To do this, both the v1 and v2 pools will exist simultaneously for a period of one year. Deposits will be disabled on the v1 pools at the moment the v2 pools will go live, where claims and withdrawals are still enabled. After the v1 rewards unlock they can decide whether to stake in v2, or withdraw the tokens from the platform.

The v1 pools will be fully removed from the staking dashboard once the deposit of the last staker in v1 has been unlocked. This applies to both single-sided staking pool (MC), and the LP staking pool(MC/ETH).

Bonus rewards

In addition to the rewards distributed in MC, in this new staking dashboard there might be additional bonuses. These bonuses may come in the form of airdrops, whitelist spots, NFTs or anything similar provided by portfolio projects or products within the Merit Circle DAO ecosystem. Do note here, that in most cases a large portion of the bonus rewards will be distributed to long-term stakers (minimum of 2 years).

▶ Staking v1



Inspired by our friends at Illuvium and its \$ILV token, we decided to follow a similar structure of calculation for the liquidity mining rewards. This model perfectly rewards long-term stakers since there is a time-weighted element for calculating the rewards. After the launch, all token holders (except locked tokens) are able to stake the tokens within two different vaults:

- **MC** → single-sided staking pool; this pool will receive 20% of the liquidity mining rewards
- **MC/ETH LP** → liquidity position of 50% MC and 50% ETH; this pool will receive 80% of the liquidity mining rewards

When staking tokens, stakers can choose a certain lockup, ranging from 0 (flexible) to 12 months (locked). The longer MC tokens are locked up, the higher the respective share of the pool and, therefore, the higher the rewards.

- **Staker 1** - doesn't lock the underlying tokens and therefore gets a weight of **1**
- **Staker 2** - locks the MC tokens for 6 months and therefore gets a weight of **1.5**
- **Staker 3** - locks the MC tokens for 9 months and therefore gets a weight of **1.75**
- **Staker 4** - locks the MC tokens for 12 months and therefore gets a weight of **2**

1 (standard weight) + $x/12$ (where x is the amount of months locked) = time weighted ratio being used.

Initially, 10% of the total supply will be allocated as liquidity rewards. This equates to 100,000,000 MC tokens being equally distributed and rewarded based on the calculations shared above.

Page includes multi-sig, audit, minting function, bug bounty

We are determined to be completely secure in everything we do at Merit Circle. We aim to be totally transparent in our actions, which is why we work with some of the finest names in the audit space. On top of that, actions that affect our DAO will go through multi-signature signings to ensure maximum safety.

Transparency

We want to ensure that we are able to answer any questions about Merit Circle. We are completely transparent and strive to remain this way. Therefore, we would like to shed some light on one key function in our token contract:

Minting function - it's important to note that the owner of the token contract currently still has mint and burn functions. This will be voted out after the LBP as agreed with the initial DAO participants.

Multi-sig - the initial multi-sig setup will be formed by the following parties (name - ETH address):

- Marco (DAO Core Contributor) - 0x08B308c486D7B9A9f9DCac1A0dc80d9d523A6967
- Mechanism Capital - 0x953a50bd2daAa852A4Bc3E58b3AcFb95EA4E82D2
- CitizenX - 0x7fA32E98C5f3C8594DE1785e23905FB0C74bcCd7
- Sergei (DAO Core Contributor) - 0x15aF80290F04Ba73eDFD912b31452354eB5a4e2A
- Maven11 - 0x8938892193FddAB15F113459E91e1c4Ab1f052A4
- Merit DevOps Ltd - 0x0ee16877560e2c08A3c0917C7e440ac9e13d0973
- Flow Ventures - 0x5b48A7035B565366a4d2F6baf10167514ad24Ece

Audit reports

In collaboration with Quantstamp we are proud to share the following audit reports:

- Quantstamp [Merit Circle DAO token report](#) (six issues were found that have either been resolved or acknowledged). The issue which is acknowledged with a higher risk has been included in the transparency comment above (related to the mint and burn functions).
- Quantstamp [Liquidity Mining audit report](#) (12 total issues were found. Four of those were high-risk issues potentially resulting in the loss of user funds. Three of them were initially found by Quantstamp and one of them was found by an individual senior developer. We resolved these issues immediately and acknowledged three other risks that are not direct risks to users).
- Quantstamp [Token Burner audit report](#) (one issue found, advised to address the issue before deploying the contract).

Staking v2

In our aim to provide the most secure and robust smart contracts out there, we've partnered up with two of the finest security assessment companies in the industry, [Quantstamp](#) and [Sherlock](#). Each has individually assessed the smart contracts provided in these staking pools, provided comments and recommendations after which we have either implemented or taken notice. These reports can be reviewed below:

- [Quantstamp Audit report](#)
- [Sherlock Audit report](#)

🔦 Bug bounty



As well as using Quantstamp, we invite everyone to help us maintain security by unearthing any vulnerabilities in our contracts in return for rewards through our bug bounty program. Security is one of the most important factors, so anyone who finds serious vulnerabilities will be generously rewarded.

What does the bug bounty program cover?

Please be aware that this program is aimed at smart contracts on-chain. Vulnerabilities found in the contracts on-chain are eligible for a bug bounty. Things related to web front-end are not part of this program. However, we do advise you to contact our team with these issues at security@meritcircle.io - we'll always reward accordingly.

The scope of the bounty program is limited to liquidity mining contracts. These can be found using the following link:

- [Merit Circle Liquidity Mining Contracts](#)

How do you score the severity of vulnerabilities that are found?

To assess the severity of these vulnerabilities, or bugs, we will be using the [CVSS](#) scoring system as shown in the image below:

The image displays a CVSS Scoring System matrix. It consists of two main components: a vertical bar on the left and a grid on the right. The vertical bar is labeled 'Impact' and has three levels: High (dark blue), Medium (medium blue), and Low (light blue). The grid is labeled 'Likelihood' at the top and 'Severity' at the bottom. The grid has three columns: Low, Medium, and High. The rows are: Medium (orange), High (red), and Critical (dark red). The cells contain the following values: (Medium, Low) is Low; (Medium, Medium) is Medium; (Medium, High) is High; (High, Low) is Note; (High, Medium) is Low; (High, High) is Medium; (Critical, Low) is Note; (Critical, Medium) is Low; (Critical, High) is Medium.

		Likelihood		
		Low	Medium	High
Impact	High	Medium	High	Critical
	Medium	Low	Medium	High
	Low	Note	Low	Medium
		Severity		

What can I earn when I find a vulnerability?

We believe that any serious vulnerability should be rewarded accordingly. Whenever a vulnerability is found that could result in the loss of user funds, we can reward up to \$250,000. The exact breakdown of the payments can be found below:

- **Informational** - reward up to \$500
- **Low risk** - reward up to \$1,000
- **Medium risk** - reward up to \$5,000
- **High risk** - reward up to \$50,000
- **Critical vulnerability** - reward up to \$250,000

Payouts will be made in USDC after we confirm the vulnerability and the person in question successfully cooperates with our team to solve the issues.

What if I find a vulnerability?

Whenever you find a vulnerability, please contact security@meritcircle.io with a clear breakdown of the vulnerability and a way for us to get in touch.

☰ Liquidity Mining Smart Contracts ☰

Contracts that the Merit Circle DAO utilizes for the staking pools

Staking V2 contract addresses

Name	Address
mcPool	0x74aDae862AdCCCF7a7DBF2f7B139AB56e6b0E79D
mcLPPool	0xebE3CA21e37723E0bE0F519724798fe8EEfF83D1
ProxyAdmin	0x56234f99393c2af40a3fe901dceef0b03d61a219
Implementation	0x6411c8b68ce74e2907110e522c67d400fcd3cf4b
view	0x7e2abf55ef51ca1029d4c5814a35339a3415d8b7

Staking V1 contract addresses

liquidityMiningManager	0x21b56371c9D064Fe18cCa5798E164C25D73b9d36
escrowPool	0xfEEA44bc2161F2Fe11D55E557ae4Ec855e2D1168
mcPool	0x5c76aD4764A4607cD57644faA937A8cA16729e39
mcLPPool	0x44c01e5e4216f3162538914d9c7f5E6A0d87820e
view	0x36C62c5f86BEF7C13b34765fc444B002295462Ea

The Merit Circle liquidity mining utilizes the following smart contracts

`AbstractRewards.sol` is a generic contract for distributing pro-rata rewards amongst an arbitrary number of "tokenholders", where the inheriting contract defines what a tokenholder is and how many shares they have. This contract is a fork with minor modifications of the [Indexed Finance contract](#).

`BasePool.sol` is a generic ERC20 compatible contract which inherits from the ERC20Votes contract from OpenZeppelin and the `AbstractRewards.sol` contract and adds external functions for distributing and claiming rewards. Additionally it hooks into the internal `_transfer`, `burn`, and `mint` hooks to properly track rewards when account balances are changing.

`TokenSaver.sol` is a contract which allows a whitelisted address to transfer out any token out of a contract inheriting from it in case of emergencies or misplaced tokens.

`TimeLockPool.sol` Inherits from `BasePool.sol` and `TokenSaver.sol`. Adds external functions to deposit tokens and in return receive `TimeLockPool` shares. The bonus for longer locking durations is configurable.

`TimeLockNonTransferablePool.sol` inherits from `TimeLockPool.sol` and removes transferability of the pool shares.

`LiquidityMiningManager.sol` manages the distribution to staking pools. It exposes external functions which allow pools to be added and removed. It also allows the distribution per second to be set and the share each pool will receive of those rewards.

Liquidity Mining V2 is based on V1 smart contract structure with the addition of new functionalities: contract upgradeability, time and amount deposit increase and customizable staking multiplier curve.

Merit Circle multisig is the only wallet that has upgradeable capabilities, that is, ownership of the `ProxyAdmin`. The multisig it is also the only wallet that has both `ADMIN_ROLE` and `GOV_ROLE`, which is necessary to submit changes to the parameters of the pools.

For further reading please see: <https://github.com/Merit-Circle/merit-liquidity-mining/tree/staking-v2>



Edenhorde Smart Contracts



Contracts that the Merit Circle DAO utilizes for Edenhorde

Name	Address
MeritNFT	0x9eEAeCBE2884AA7e82f450E3Fc174F30Fc2a8de3
MeritNFTDropFactory	0xc903e762Aa576E9767B28E0d91dACE9CD01B341A

Edenhorde mining utilizes the following smart contracts

`MeritNFT.sol` is an generic NFT contract used in Edenhorde that implements OpenZeppelin `ERC721Enumerable.sol` contract among others. The minter role was used to grant privileges to the contract involved in the claim of the NFTs.

`MeritNFTDropFactory.sol` is the contract that was used to deploy Edenhorde contract and which also has the ability to set a merkle root for further user claims.

For further reading please see: <https://github.com/Merit-Circle/merit-nft>

Tactile NFT Smart Contracts



Contracts that the Merit Circle DAO utilizes for Tactile NFT

Name	Address
Tactile NFT	0x1fAB9Ce233CC46E232BEEa3aeD92A7816B9258ea
WhitelistedNFTSale	0x4f59Cc0E919bE7EBbF1C33e6EEc8506dF4B72a8c
MeritNFTDropFactory	0x0c8015c94F21544AA958A55849a2af1F987e1f42

The Merit Circle liquidity mining utilizes the following smart contracts

`MeritNFT.sol` is an NFT contract used for the Tactile NFT project. The contract includes a size mapping to track the size of each NFT and the burning function that is used on redemption of the underlying merch box.

`WhitelistedNFTSale.sol` is a contract used to do NFT sales using a whitelist that depends on a merkle root stored in the contract. Each user is able to mint an amount of NFTs according to the parameters of the sale which also define the total amount of the sale. For Tactile project no ETH was required to mint the NFTs except for the gas fees involved in the minting transaction.

`MeritNFTDropFactory.sol` is the contract that was used to deploy Tactile NFT contract and which also has the ability to set a merkle root for further drop. This contract is used to mint a subset of the NFT collections aimed to specific participants in the Merit Circle DAO.



Governance



Overview of Merit Circle DAO's governance

Overview of the governance process and MC token's role

Merit Circle is a decentralized autonomous organization (DAO), meaning there's no central entity making decisions. Decision-making is achieved through voting by stakeholders who own the MC token.

The MC token was created to decentralize the management and development of Merit Circle's DAO, investments and platform.

Token contract: [0x949D48EcA67b17269629c7194F4b727d4Ef9E5d6](#)

More information about the MC token can be found [here](#).

How does Merit Circle's governance work?

Similar to what we've seen with other successful DAOs like Yearn Finance, our decision-making process occurs through a [governance forum](#). The governance forum is a forum where Merit Circle DAO stakeholders are welcome to contribute to the future of the Merit Circle DAO. The governance forum shall be the home of all proposals and related discussions required to coordinate on the governance of the Merit Circle DAO. The language of the governance forum is English.

When interacting with the governance forum the applicable [community guidelines](#) must be followed.

In the governance forum, individuals can start a discussion thread or a proposal relating to topics and matters relevant for the Merit Circle DAO. See more details on the proposal process [here](#).

Definitions ⋮

For the purpose of this Constitution, the following definitions apply:

“Article” means an article, section or provision of the Constitution.

“Constitution” means this constitution adopted by MC DAO and recorded on the Ethereum blockchain (as it may be amended from time to time in accordance with the methods and requirements stated herein).

“DAO” means a decentralized autonomous organization.

“DAO Consent” means a decision of the Tokenholders in favor of a proposal processed in accordance with the Constitution and that satisfies minimum voting requirements with respect to majority and quorum as required by the Constitution and the relevant smart contract system (to the extent applicable).

“Delegate” means a person or group of persons that has been selected by one or more Tokenholders to vote on behalf of such Tokenholder(s).

“Fork” means an occurrence where some or all persons running the software clients for a particular blockchain system adopt a new client or a new version of an existing client that either (a) changes the blockchain rules in a backwards compatible or incompatible manner that affects which transactions can be added into later blocks, how later blocks are added to the blockchain, or other matters relating to the future operation of the relevant blockchain, or (b) reorganizes or changes past blocks to alter the history of the relevant blockchain, resulting in two distinct blockchains moving forward from the point of the occurrence.

“Governance Forum” means the governance forum located at the website <https://gov.meritcircle.io/> or at such other website, address or location as may be decided by MC DAO.

“MC DAO” means the decentralized autonomous organization known as Merit Circle DAO, established on the Ethereum blockchain and governed by the Tokenholders.

“MC Token(s)” means MC DAO token(s) with the Ethereum token contract 0x949D48EcA67b17269629c7194F4b727d4Ef9E5d6 or the equivalent of such token(s) on other blockchains.

“MIP” means a MC DAO proposal that aims to change, develop, upgrade or expand the MC DAO smart contracts or ecosystem and that satisfies the conditions to proceed to an official vote.

“MPOLL” means a MC DAO poll utilized to obtain guidance and input to the various variables forming part of a proposal.

“Staking” means the act of depositing MC Tokens (either solely or jointly with other tokens, including liquidity pool tokens where MC Tokens construe one of the tokens in the liquidity pool pairing) into one or more smart contracts or as collateral to secure and validate transactions on a blockchain.

“Sub-DAO” means a DAO established by MC DAO and that operates with autonomy from MC DAO and other DAOs established by MC DAO whilst remaining aligned with the Constitution.

“Tokenholder” means a holder of MC Token(s) or person Staking , but for the avoidance of doubt excluding MC DAO, a Sub-DAO or a person providing legal identity to, and acting for or on behalf of, MC DAO.

The provisions included in the Constitution shall be interpreted in a manner consistent with the activities, vision, values and principles of MC DAO set out in Article 1.

● Preamble

⋮

We, the Tokenholders of MC DAO, have adopted this Constitution, establishing a framework for how MC DAO is governed and specifying what governance actions are legitimate for MC DAO to take and encode into its smart contracts. Being a framework implies that decisions made by Tokenholders through MIPs will continue to constitute an important part of how MC DAO is governed.

The Constitution aims to:

- Set out a common vision, values and set of principles for MC DAO.
- Formalize a structured, robust and decentralized governance system where no central authority is in control and where authority within the MC DAO ecosystem is defined.
- Empower Tokenholders with certain rights with regards to MC DAO and its smart contract systems, including providing them with a voice in whether and how to change features of mutable and upgradable smart contract systems.
- Incentivize participation in governance and to align incentives within MC DAO.
- Allow for continued delegation of powers and for community members to organize themselves into contributor teams in accordance with MC DAO's vision, values and principles.
- Enable certain decisions to be taken based on information and expertise and in an efficient manner that allows MC DAO to grow at the desired pace, whilst maintaining security for MC DAO and the Tokenholders.
- Establish a governance system minimizing the need for day-to-day collective governance and introduce clearer mechanisms for checks and balances, including accountability.
- Provide transparency as to how MC DAO is governed and to connect Tokenholders to MC DAO's developments and other activities through a more direct, united and transparent mechanism.
- Enable MC DAO to remain sufficiently decentralized, autonomous and efficient when engaging in all of its activities, including off-chain activities.

The Constitution is adopted by the Tokenholders for the benefit of MC DAO and can only be changed by the Tokenholders as further set out herein.

1 Scope of activities, vision, values and principles of MC DAO

1.1 Scope of activities

The scope of activities of MC DAO are:

1. Being a gaming DAO creating, participating in and developing games and opportunities for crypto and gaming enthusiasts.
2. Investing in the gaming, crypto and metaverse ecosystems.
3. Developing, producing and making available software, smart contracts and products relating to gaming, crypto and metaverse ecosystems.

MC DAO shall be permitted to participate in all associated activities for the purpose of pursuing the purposes and objectives set out in letters (a) to (c) above.

1.2 Vision, values and principles of MC DAO

MC DAO consists of a network of stakeholders, with a vital value-creation role and united by a shared purpose, vision, values and principles.

MC DAO envisions contributing to revolutionizing the gaming industry by investing, developing and empowering people across the globe to take part in it with equal opportunities.

MC DAO supports the following values and principles:

1. Decentralization, autonomy (including smart contracts) and meritocracy are at the heart of MC DAO's governance, products, developments and operations.
2. Gaming should provide for more than simple entertainment, but entertainment should remain a prerequisite.
3. The functions and powers within MC DAO shall be decentralized.
4. Contributors and any Sub-DAOs shall be held accountable by MC DAO through objective analysis of their performance and other measures of checks and balances, including use of smart contract systems for such purposes.
5. The MC DAO treasury shall only be used to support projects and developments aligned with the activities, objectives, vision and values of MC DAO.
6. Activities and operations of MC DAO shall be conducted in a transparent and secure manner to create trust between everyone involved in MC DAO and enable each community member to have and obtain information on decisions taken.
7. Smart contracts deployed within MC DAO's ecosystem should be open-source and not depend on specific developers and should be able to persist as long as the relevant blockchain is functioning.
8. All community members should be treated fairly and contributors rewarded appropriately.
9. Activities of MC DAO should be exercised in a manner that is compliant with this Constitution, approved MIPs and otherwise with applicable law. Abuse of powers for personal gain or preferential treatment shall not be tolerated.
10. Activities and operations on behalf of MC DAO should be conducted in MC DAO's interests rather than the interests of individuals, and in accordance with the scope of activities set out in Article 1.1

2 Organizational structure of MC DAO :

2.1 Organizational status

MC DAO is a DAO whose governance is administered through code deployed on the Ethereum blockchain.

MC DAO may form a legal structure with one or more legal entities (“legal wrappers”) that provide legal identity to MC DAO and enable handling of off-chain operational concerns, obligations and liabilities.

MC DAO is not intended to be, and shall not be deemed to be, a partnership of any kind.

2.2 Sub-DAOs

MC DAO may establish Sub-DAOs that contribute to the fulfillment of the activities, vision, values and principles of MC DAO as set out in Article 1 and that are ultimately accountable to MC DAO.

Articles 2.1 and 4.3 apply correspondingly to a Sub-DAO.

3 The MC Token

:

3.1 Issuance and maximum supply of MC Tokens

MC Tokens are issued and distributed on the blockchain. The maximum supply of MC Tokens cannot be increased by way of minting new MC Tokens or otherwise. The maximum supply may decrease from time to time following MC Token burns.

3.2 Purpose and utility of the MC Token

The MC Token pursues decentralization of governance and development of MC DAO and shall provide Tokenholders with voting (governance) rights administered through software code implemented on one or more blockchains, and as gas (a form of payment) to process and execute transactions on the Beam blockchains and networks. The MC Token can have other utilities or entitlements as may be added to it by MC DAO.

MC DAO shall not be responsible in any manner for any utility or entitlements offered by any third party, including crypto asset service providers not operated or controlled by MC DAO.

3.3 Principle of equality

MC DAO is based on a principle of equality for all Tokenholders, meaning that all MC Tokens carry equal rights in MC DAO, unless otherwise stated in the Constitution, smart contract systems or otherwise decided by MC DAO in accordance with the Constitution.

3.4 Staking of the MC Token

The Beam blockchains consist of proof-of-stake blockchain networks and Staking on such blockchains and networks shall be permissionless, meaning that anyone can participate in Staking provided that the relevant blockchain criteria are met.

MC DAO can otherwise implement Staking as part of its ecosystem, which provides persons Staking with certain privileges. MC DAO decides what type of privileges a Staking program shall implement (such as additional voting weight) and how they shall be implemented, including whether MC Tokens (or other privileges) obtained through Staking shall be subject to lock-up or vesting periods (if any).

3.5 Fork of blockchain where MC Tokens are used for governance or Staking

In the event of a Fork of a blockchain where MC Tokens are used for voting (governance) or Staking and such Fork results in two or more persistent alternative versions of the relevant blockchain, MC DAO (including MC Tokens), Tokenholder voting (governance) or Staking (as applicable) shall continue on the blockchain that is generally recognized in the crypto industry as the mainnet (or main subnet) and consensus blockchain, unless otherwise is decided by MC DAO.

4 Governance and operations of MC DAO

4.1 Tokenholders governing MC DAO

MC DAO shall have a governance system that is guided and dictated through smart contract systems and is ultimately determined by the collective, subjective judgments of the Tokenholders. The Tokenholders govern MC DAO through governance voting.

Being a Tokenholder does not grant any individual authority or right to act as a representative or similar on behalf of MC DAO or other Tokenholders, or to bind MC DAO or other Tokenholders to any obligations or liabilities.

4.2 Decisions by the Tokenholders

A DAO Consent will be implemented, subject to the implementation of the DAO Consent being compliant with this Constitution, and is enforceable on-chain or otherwise. A DAO Consent that cannot be enforced on-chain or otherwise is non-binding and is used for sentiment signaling purposes.

4.3 Contributions to, and operations of, MC DAO

4.3.1 Maintenance, development and operation of MC DAO

MC DAO and its ecosystem is maintained, developed and operated by Tokenholders, various contributors and smart contract systems.

4.3.2 Delegation of powers to contributors

To fulfill the activities set out in Article 1.1, aid the operations and developments of MC DAO and its ecosystem, and to safeguard MC DAO's integrity and assets, MC DAO may delegate powers to contributor teams or persons to carry out actions, activities and otherwise do things for the benefit of MC DAO. Such contributor teams may be structured through legal structures or Sub-DAOs, ref. Articles 2.1 and 2.2. Contributors shall not owe fiduciary duties to the Tokenholders. Nothing in this Constitution shall be construed to bind any person to perform or carry out any obligation, activity or similar as a result of a DAO Consent (such duties may however follow from separate binding agreements or documents and be enforced through those).

4.3.3 Accountability of contributors

The teams and persons contributing to MC DAO should operate in a transparent manner and keep MC DAO informed of their activities for the purpose of enabling MC DAO to have adequate oversight over the contributor teams and persons and otherwise act in accordance with agreements relating to the contribution (if applicable).

MC DAO may adopt procedures for the purpose of increasing the accountability of contributors, in addition to utilize smart contract systems for accountability purposes.

4.3.4 Remuneration and hiring of contributors

Contributors may be remunerated in the form of MC Tokens or other crypto assets. MC DAO may implement procedures for hiring of contributors and setting and allocating budgets for remunerating contributors, including through grant systems. The remuneration of contributors should take into account the contributors' responsibility, expertise, time commitment and the complexity of the tasks handled or to be handled.

5 Treasury and financials of MC DAO :

5.1 Treasury management

MC DAO should seek to manage its treasury in a diligent manner and work towards preserving and increasing it in scale. The treasury shall be utilized to support the growth and development of MC DAO and its ecosystem by powering its daily operational needs, whilst allowing investments in various developments, products and projects in accordance with the scope of activities, vision, values and principles of MC DAO.

MC DAO's treasury should, to the extent reasonably possible, be displayed in a transparent manner so that the Tokenholders can adequately audit the funding and operational spending of MC DAO.

There may be situations where certain details surrounding investments or treasury assets cannot be disclosed in full transparency due to confidentiality or other constraints. To increase accountability and transparency in such situations, the reasons for non-disclosure should be presented and alternative reporting methods considered by the MC DAO contributors privy to the relevant information. Information concerning the size of an investment or other type of transfer should always be disclosed. MC DAO may implement procedures and processes for managing disclosures relating to investments or treasury assets that cannot be disclosed in full transparency.

5.2 Adequate liquidity and assets

MC DAO should at all times seek to have liquidity and assets which are adequate in terms of liabilities and the risk and scope of MC DAO's activities and operations.

5.3 Multisig

In order to facilitate certain operations and execution of on-chain transactions within the MC DAO ecosystem, MC DAO should authorize the creation of on-chain multisig wallets and empower one or more teams of multisig signers to sign and approve on-chain transaction messages in the interest of MC DAO.

The public keys of the blockchain wallets utilized by MC DAO should be disclosed to the community in a transparent manner.

6.1 Purpose of the Governance Forum

The Governance Forum shall be a forum where MC DAO stakeholders are welcome to contribute to the future of MC DAO. The platform shall be the home of all proposals and related discussions required to coordinate on the governance of MC DAO.

MC DAO shall have in place community rules and guidelines to create an environment for constructive discussions. The same community rules and guidelines shall apply with respect to other official channels of MC DAO.

In the event that the Governance Forum is unavailable or otherwise inaccessible, MC DAO's official Telegram or Discord channels may be used for governance purposes until the Governance Forum becomes available and accessible or a new Governance Forum has been chosen by MC DAO.

6.2 Language of the Governance Forum

The language of the Governance Forum shall be English.

6.3 Categories of the Governance Forum

6.3.1 Overview of the categories

The Governance Forum shall as a minimum include the following categories:

1. Discussion category.
2. Proposal category.
3. Transparency and accountability category.

The Governance Forum may also have additional categories as decided by MC DAO.

6.3.2 Discussion category

The discussion category shall be a forum where the MC DAO community can discuss current, future and present MC DAO activities, gaming, smart contract systems, protocols, projects and other matters that are or may be relevant for MC DAO. A person may open up a topic in the discussions category provided that it is relevant to MC DAO and follows the applicable community rules and guidelines.

6.3.3 Proposal category

The proposal category shall be a forum where all governance proposals relating to MC DAO and responses to such proposals are officially submitted.

A proposal may be submitted in the proposal category provided that it is relevant to MC DAO, follows the applicable community rules and guidelines and is in accordance with the conditions set out in Article 7.2. Prior to publishing an idea as a proposal, proposal creators are encouraged to exchange thoughts and ideas with the wider MC DAO community through the discussion category or through other channels for the purpose of gauging community sentiment.

Proposals that satisfy the relevant criteria set out in Article 7 will be voted on by MC DAO in accordance with Article 7.4.

6.3.4 Transparency and accountability category

The transparency and accountability category shall be dedicated to showing the process and involvement of persons that have contributed, or are contributing, to MC DAO and any Sub-DAO.

6.4 MPOLLs

If a proposal requires input through one or more MPOLLs before being put up for a binary "Yes" and "No" vote, the topic that is intended to be subject to a proposal shall be discussed in the discussion category. Article 7.4 shall apply correspondingly to a MPOLL.

The topic may be moved to a proposal in the proposal category only after the final MPOLL relating to the proposal has been concluded. The outcome of MPOLLs will only form a basis for the future proposal and the topic that will be voted on in a MIP vote, but will not have influence on the MIP vote itself.

6.5 Moderators of the Governance Forum

The Governance Forum shall have one or more moderators that are appointed by MC DAO. The moderators can be changed by MC DAO or by a team or persons that MC DAO has authorized.

To ensure that the Governance Forum rules and guidelines are followed, each new proposal intended to be published on the Governance Forum shall be reviewed by the moderator(s) before being published. Such review shall be conducted as soon as practicable following a new proposal being posted for publication. Comments and responses to various threads will not be subject to a pre-approval by the moderators.

If the proposal is drafted in accordance with the Governance Forum rules and guidelines and the Constitution, a moderator shall approve the thread for publication. In the event that the proposal is not drafted in accordance with the Governance Forum rules and guidelines, a moderator shall inform the author(s) of the inconsistencies so that the author can make the proposal compliant with the applicable rules and guidelines. The moderator shall approve the proposal for publication as soon as practicable, provided the inconsistencies have been rectified.

7.1 How a proposal may result in a MIP

A proposal will be put up for an official vote by a moderator (as referred to in Article 6.5) and result in a MIP, provided that the following four conditions have been satisfied:

1. The proposal does not require input through one or more MPOLLS, in which case the necessary MPOLLS must be completed first, ref. Article 6.4.
2. All conditions in Article 7.2 are satisfied.
3. The proposal has been subject to discussions for the relevant discussion period as set out in Article 7.3.
4. The proposal has obtained the necessary percentage of Governance Forum poll votes cast as set out in Article 7.3.

If the abovementioned conditions have been satisfied, the proposal shall proceed to a vote in accordance with Article 7.4.

7.2 Conditions for a proposal to be published

In order for a proposal to be published to the proposal category of the Governance Forum, the proposal must as a minimum include information on the following:

1. *Title.* A clear and informative title of the proposal, without any numbering of the proposal. The moderator will add a number to the MIP if voting commences.
2. *Authors and contributors.* The name of the author(s) and other contributor(s) to the proposal (to the extent applicable).
3. *Status.* Information on the progress stage of the proposal and the duration of the discussion period (within the parameters set out by the Constitution). This section should be updated by the author or the Governance Forum moderator(s) when, and if, a proposal moves to a vote, in addition to when the vote is concluded.
4. *Summary.* A brief summary of the key information in the proposal, including information on what is proposed and what it will entail for MC DAO.
5. *Specification of the proposal.* A thorough in depth description of the proposal, including explanation of the changes should the relevant proposal be implemented. If applicable, this section should also refer to the outcomes of any MPOLLS held before the proposal.
6. *Motivation.* Explanation of why the author(s) believes the proposal should be implemented.
7. *Rationale.* An elaboration on why the proposal should be adopted considering both the pros and cons of the proposal. This can for instance be done by answering questions that the author anticipates may be asked as a result of the proposal.
8. *Budget.* Details on the required costs that will or may be incurred in order to implement the proposal, in addition to expected future costs as a result of the proposal being implemented (if any).
9. *Poll.* A Yes/No poll to gauge community sentiment as to whether a proposal should proceed to a vote or not.
10. *Copyright.* The following sentence shall be added: *“Copyright and related rights waived via Creative Commons CCO”.*

A proposal which directly conflicts or impacts a proposal that is active and subject to a discussion or voting period may not be published until after the active proposal has been concluded.

7.3 Discussion period and poll to gauge sentiment

7.3.1 Duration and facilitation of discussions

In the event that a proposal is published in the proposal category of the Governance Forum, the discussion time for the proposal shall have the length referred to in Articles 7.3.2-7.3.4 (as applicable).

A general announcement on a new proposal should, as soon as practicable, be made available on all appropriate community channels by the contributors authorized to handle such channels, enabling all community members to become aware of the new proposal in order for them to share their views on it.

It is the proposal author's responsibility to obtain engagement for the proposal. The author is encouraged to ensure that questions asked in connection with the proposal are responded to.

7.3.2 Ordinary discussion time for proposals

Unless otherwise stated in the Constitution, a valid governance proposal approved by a moderator shall enter into a 7 day review and discussion period in the proposal category of the Governance Forum, counting from the time it is published.

7.3.3 Qualified discussion time for certain proposals

Governance proposals concerning the following matters shall have a 14 day review and discussion period in the proposal category of the Governance Forum, counting from the time they are published:

1. Changes to set token distributions.
2. Additions or removal of utilities relating to the MC Token.
3. Conclusion of any Staking program implemented and changes to any Staking program implemented which take effect whilst an existing Staking program is active.
4. Termination or amendment of material conditions of any agreements entered into by a legal entity acting for and on behalf of MC DAO or a Sub-DAO or by a contributor acting for and on behalf of MC DAO or a Sub-DAO.
5. An asset transfer or series of asset transfers executed in conjunction with each other that exceed 20% of the treasury value.

7.3.4 Extra qualified discussion time for certain proposals

Governance proposals concerning the following topics shall have a 1 month review and discussion period in the proposal category of the Governance Forum, counting from the time they are published.

1. Formation or dissolution of a Sub-DAO.
2. Amendments to the Constitution.
3. Liquidation and dissolution of MC DAO and its assets.

7.3.5 Poll to gauge sentiment

25% or more of the votes cast in the poll (ref. Article 7.2 (i)) must, by the end of the discussion periods reflected in Articles 7.3.2 to 7.3.4 (as applicable), have voted “Yes” in order for the proposal to proceed to an official MIP vote. If less than 25% of the votes cast have voted “Yes” by the end of the discussion periods reflected in Articles 7.3.2 to 7.3.4 (as applicable), the proposal will not proceed to an official MIP vote. If a poll vote is cast in violation of the applicable Governance Forum rules and guidelines (including rules on manipulation of votes) it will not be counted for.

7.4 Voting on a MIP

7.4.1 How votes are held

Voting takes place at MC DAO's Snapshot address or at another on-chain voting solution as may be decided and implemented by MC DAO.

MC DAO may decide that votes shall be shielded (hidden) through encryption during the voting period, making others unable to see how many Tokenholders have voted and what votes were placed until the vote has ended.

A general announcement on a new vote and its outcome shall be reflected on the Governance Forum and as soon as practicable made available on all appropriate community channels by the contributors authorized to handle such channels.

7.4.2 Voting rights

Persons that were Tokenholders at the time of the last recorded Ethereum block number prior to the creation of the vote at Snapshot, or on another on-chain voting solution as may be decided by MC DAO, and that held their MC Tokens in a wallet on the Ethereum blockchain or staked their MC Tokens in Merit Circle smart contract systems, shall have the right to attend a MC DAO vote, either themselves or through delegation by their choice in accordance with Article 8 (to the extent such delegation system is implemented by MC DAO). Voting may take form by way of a MIP or MPOLL (MPOLLS shall however only be conducted through Snapshot).

Each MC Token carries an equal number of votes, except for if otherwise stated in the Constitution or decided by MC DAO in connection with Staking.

Voting rights may not be exercised for MC Tokens which belong to MC DAO, its Sub-DAOs or any legal entity acting for and on behalf of MC DAO or one of its Sub-DAOs. The wallets that such MC Tokens are held through shall be disclosed. Such MC Tokens shall not carry any voting power and do not count towards quorum requirements.

7.4.3 Duration of votes

A vote shall have a duration of 2 days, except for a vote relating to matters referred to in Articles 7.3.3 and 7.3.4, which shall have a duration of 4 and 7 days, respectively.

If during the voting period it becomes impossible to cast a vote as a result of a wide-ranging non-operability of the voting software or the Ethereum blockchain, the vote shall be re-done.

7.4.4 Relevant quorum and majority requirements

For any proposal to pass, relevant quorum and majority requirements must be met, ref. Articles 7.4.5 to 7.4.10.

Any MIP that either fails to (a) meet the quorum requirement or (b) obtain the relevant majority requirement shall be considered to be a failed proposal and not constitute a DAO Consent. However, if a vote does not form a quorum pursuant to Articles 7.4.5 to 7.4.6 (as applicable), a repeated vote may take place if the author(s) of the proposal consents and the proposal received more votes for than against during the vote that did not meet the quorum requirements.

7.4.5 Ordinary quorum

Subject to Article 7.4.6, a quorum for a vote on a proposal is reached if voting power equalling 1% or more of the circulating supply of MC Tokens, at the time of the last recorded Ethereum block number prior to the end of the most recent quarter (first quarter of a year ending at 24:00 CET on 31 March) preceding the creation of the relevant vote, has been used to vote on the relevant proposal.

7.4.6 Special quorum

A quorum for a vote on a proposal concerning one of the matters referred to in Article 7.4.8 (*Qualified majority matters*) or Article 7.4.9 (*Extra qualified majority matters*) is reached if voting power equalling 1.5% or more of the circulating supply of MC Tokens, at the time of the last recorded Ethereum block number prior to the end of the most recent quarter (first quarter of a year ending at 24:00 CET on 31 March) before the creation of the relevant vote, has been used to vote on the relevant proposal.

7.4.7 Simple majority requirement

All proposals require a simple majority (more than 50%) of the votes cast in order to succeed, unless otherwise stated in the Constitution and the relevant smart contract system (to the extent applicable).

7.4.8 Qualified majority matters

Decisions by MC DAO relating to the matters listed in letters (a) to (e) in Article 7.3.3 shall require the supporting vote of 75% or more of the votes cast in order to succeed.

7.4.9 Extra qualified majority matters

Decisions by MC DAO relating to the matters listed in letters (a) to (c) in Article 7.3.4 shall require the supporting vote of 90% or more of the votes cast in order to succeed.

7.4.10 Prohibited matters

Notwithstanding anything to the contrary, a decision which clearly results in one or more Tokenholders obtaining an unreasonable benefit at the expense and detriment of other Tokenholders shall be prohibited.

8 Delegation of voting rights



MC DAO can implement a voting delegation arrangement pursuant to which multiple Delegates may be granted rights to vote on behalf of Tokenholders.

A Tokenholder can delegate voting power held by such Tokenholder to a Delegate. Tokenholders can delegate to one Delegate at a time and the number of votes added to a Delegate's vote count should be equivalent to the voting power of the MC Tokens owned by the relevant Tokenholder.

The Tokenholder delegating voting power should retain 100% ownership and control of the MC Tokens and can use them as such Tokenholder wishes, except that the Tokenholder cannot use them to vote (other than through their Delegate) until the delegation of voting power has been revoked in accordance with the relevant voting delegation arrangement.

MC DAO shall adopt a Delegate code of conduct if delegation is implemented. Delegates need to read and agree to the applicable code of conduct prior to becoming entitled to vote on behalf of other Tokenholders.

Tokenholders will be under no obligation to delegate. No Delegate will be obliged to continue voting on any Tokenholders' behalf.

9 **Conflicts and disputes** :

Tokenholders should attempt to resolve conflicts between themselves in an amicable and informal manner. MC DAO may adopt an on-chain arbitration dispute resolution arrangement.

10 Amendments to the Constitution :

In the event that DAO Consent is obtained for a proposal to make amendments to the Constitution, the relevant changes shall be recorded on the blockchain as soon as practicable following the relevant DAO Consent.

The relevant amendments to the Constitution shall become effective upon acceptance of a DAO Consent set out in the first paragraph above.

Proposal process

:

Information about the lifecycle of a Merit Circle improvement proposal (MIP)

The Merit Circle DAO is governed by MC tokenholders who vote on proposals that decide what actions the DAO will undertake. A proposal may be submitted by a Merit Circle DAO stakeholder in the [governance category](#) of the governance forum, provided that it is relevant to Merit Circle DAO, follows the applicable [community guidelines](#) and is in accordance with the [proposal template](#).

The proposal process is subject to change according to Merit Circle DAO governance.

Gauging of community sentiment - where can I talk about proposals?

Prior to making a formal proposal, proposal creators are encouraged to exchange thoughts and ideas with the wider Merit Circle DAO community through the discussion category or through other channels for the purpose of gauging community sentiment. The main discussions are held in the following channels:

- [Governance Forum \(discussion category\)](#)
- [Discord](#)
- Telegram

How do I make a proposal?

Proposals are created on the governance forum in the [governance](#) section according to the template that can be found below. To ensure that the governance forum rules and guidelines are followed, each new proposal intended to be published on the governance forum shall be reviewed by the forum moderator(s) before being published.

- [Proposal template](#)

Discussion period

A valid governance proposal approved by a moderator shall enter into a review and discussion period in the [governance](#) section of the Governance Forum. The discussion period shall last for a minimum of two days, counting from the time it is published.

It is the proposal author's responsibility to obtain engagement for the proposal. The author is encouraged to ensure that questions asked in connection with the proposal are responded to.

Voting on a proposal

How do I vote on a proposal?

Simply head over to vote.meritcircle.io and see which proposals are open for voting. Proposals are subject to a two-day voting period.

Majority and quorum requirements that must be met for a proposal to pass

For a proposal to pass, the relevant quorum and majority requirements must be met. A quorum for a vote on a proposal is reached if voting power equaling 2 million MC tokens has been used to vote on the relevant proposal. The majority requirements for a proposal are met if more than 50% of the votes cast are in favor of the relevant proposal.

Any proposal that either fails to meet the quorum requirement or obtain the relevant majority requirement shall be considered a failed proposal. If a vote does not form a quorum, a repeated vote may take place if the author(s) of the proposal consents and the proposal received more votes for it than against it during the vote that did not meet the quorum requirements.

How is a new proposal implemented?

Once a proposal has passed, changes will be implemented by Merit Circle DAO's protocol or contributors and signed by the relevant multisig team (to the extent applicable), provided that the outcome of the proposal can be enforced either on-chain or otherwise. Any proposal results that cannot be enforced are utilized for sentiment signaling purposes and not "binding".

Proposal repository



This page provides a summary of the proposals that have been voted on by members of the Merit Circle DAO. To read up on the details of each proposal, click on the links below.

Implemented

MIP number	Proposal title	Author
1	Public Sale via Balancer Liquidity Bootstrapping Pool	OPCrypto, Flow Ventures LP, Maven11
2	Broad Investment Mandate	CitizenX, Maven11, Flow Ventures LP
3	Yield Generation on Maple Finance	Maven11
4	Development of Gaming Platform with Dept Agency	DAO Core Contributors
6	Early Stage De-risking Mandate	Sad Cat Capital
7	Tokenecons - Sustainable Future Vision	Sad Cat Capital
9	Hire Shashwat Ashiya as the Head of Governance	DAO Core Contributors
10	Framework Games Development	DAO Core Contributors
11	Stablecoin Deployment Anchor Protocol	DAO Core Contributors
13	Merit Circle: A New Era	Honey Barrel
14	Counterproposal to MIP-13	MeritLTD
15	NFT Aggregator Development	0xDouwe
16	Development of NFT Marketplace	DAO Core Contributors
17	DAO restructuring & housekeeping	DAO Core Contributors
18	Investment in Project Firebrand & Roadslide	DAO Investment Committee
19	Upgrading to staking V2	Merit Circle DAO core contributors
20	A 200 Million Merit Circle Token Burn	Sad Cat Capital
21	Merit Circle Grants	DAO Core Contributors
22	Development of MC Tactile, the first Merit Circle merchandise project	Daan de Greef
23	Changes to the multisig signers and structure	DAO Core Contributors

Rejected

MIP number	Proposal title	Author
5	Yielding USD Position Gro Protocol	GRO Core Team
8	Hotwire Investment and Partnership	Hotwire Studios teams
12	Improved DAO Free Cash Flow/Net Income Allocation Proposal	Eric Mancini



As one of the Merit Circle DAO's key verticals, investment has been the driving force behind our success so far. Operating as a hybrid of hedge and venture capital funds, we are creating a robust and resilient treasury that can withstand anything. This vertical consists of venture, token and NFT investments as well as staking operations.

The Merit Circle DAO is in a truly unique position with the ability to offer far more value to our portfolio projects than any other fund.

How does this vertical work?

As one of the four verticals, Merit Circle Investments plays a crucial role in supporting and funding operations through the management of the DAO treasury. This management entails creating short- and long-term strategies to acquire and dispose of the DAO's portfolio holdings. These include not only token and NFT investments but also staking operations.

Our investment strategies are governed by mandates set by the DAO, as well as executed through proposals put forth and voted on by its contributors. The aim of this vertical is to run the treasury as a fund, focusing on improving its long-term risk-adjusted returns by deploying every idle asset into quality investments. To summarize, the investment vertical:

- Finds appealing investment opportunities for the DAO
- Holds advisory positions in portfolio projects to ensure consistent performance
- Involved in staking to assure consistent rewards on idle cash positions
- Implements several mandates that allow for sustainable development of the DAO
- Allows the \$MC holder to receive rewards from the DAO's performance through the staking portal

The pillars of our treasury management

In its current formation, the Merit Circle DAO is focused on three pillars that together represent our ambitions to improve the DAO's treasury:

Transparency – Via its monthly reports and public disclosure of wallet addresses, the treasury comes as close to being an open book as the necessity for competitive advantage permits

Operational efficiency – We budget for the DAO's operations and ensure the financial continuation of all verticals. Budgeting for the DAO's operations and ensuring the financial continuation of all verticals. This includes capital efficiency, which is the practice of seeking to have the most impact with the capital that we have available.

Treasury size – As an organization, we strive to increase the size of our treasury mainly through growth in both size and sustainability. Healthy organizations not only maintain their treasury, but also find ways to increase their treasury size and utilize that additional capital for further growth.

Treasury reports

Transparency is of the utmost importance for us at the Merit Circle DAO. We cannot overstate how strongly we believe that operating transparently is vital to creating a healthy community. Therefore, when reporting about our treasury status and where we are now, we try to be as clear as possible. Accounting is not the most fun, but we want to lead by example here.

This is currently done through our monthly treasury reports where we share a clear breakdown of all the assets of the Merit Circle DAO. You can find a repository of all the available treasury reports below.



Staking

Category	Tokens	Sum of Purchase Value	Historic Value	Historic Value	Current Value
			(31/10,2022)	(30/11,2022)	(31/12,2022)
Staking	aUSD3CRV-f	\$0	\$5,012,327	\$0	\$0
	bibbtc/sbtcCRV-f	\$0	\$899,828	\$0	\$0
	FNC	\$0	\$17,571	\$14,323	\$7,932
	MMJ/DAI / USDC/ USDT	\$5,587	\$10,413	\$7,143	\$5,587
	MPL-LP	\$0	\$12,500,000	\$0	\$0
	MPL-WETH	\$0	\$912,328	\$753,385	\$0
	Pancake-BNB-MC LP	\$0	\$248,377	\$195,243	\$145,142
	Rewards (Unclaimed)	\$0	\$106,237	\$106,237	\$4,355
	SFNC (Staked Fancj Tokens)	\$187,200	\$142,722	\$87,258	\$38,659
	SPath	\$0	\$27,043	\$19,403	\$20,296
	UNI-V2	\$15,000,000	\$2,612,085	\$1,822,985	\$1,434,942
	XAUT/USD	\$2,500,000	\$2,322,045	\$2,344,372	\$0
Staking Total		\$20,274,787	\$24,810,976	\$5,350,341	\$1,656,914

Staking positions as per January 2023

Through various proposals, we have deployed close to \$30 million in stablecoins across various staking protocols. In the image above, you can see a breakdown of all the tokens we are currently staking that are generating significant returns for the DAO.

The aim here is to find low-risk yield-farming opportunities for our cash assets that are sitting idle, waiting to be put to use. However, acknowledging the risks attached to staking protocols, we are minimizing our exposure to staking positions.

Notable proposals:

- [MIP-2](#)
- [MIP-3](#)
- [MIP-11](#)

Liquidating assets

Investing in the right projects means the possibility of generating significant returns. We've seen many of our investments perform incredibly well, forcing us to create a clear strategy on what to do with these proceeds. Therefore, a specific set of rules had to be put in place.

Initially, as a DAO, we voted on [MIP-6](#), an Early Stage De-risking Mandate. In short:

This proposal gives the DAO a venue to de-risk early-stage token and NFT investments at the time they become liquid. By mandate, the DAO would be able to do so quickly and flexibly, giving it more opportunities to benefit from short-term market conditions. It will also reduce the amount of governance overhead for something that is, in our opinion, a clear win for the DAO.

While this approach was officially embraced by the DAO, DAO contributors thought that creating a larger treasury in terms of USDC value wasn't the most beneficial way of utilizing these proceeds. That's why [MIP-7](#), the 'Sustainable Future Vision', was brought to life. This is best summarized as follows:

This proposal has the purpose of creating a sustainable ground for the future of Merit Circle and the MC token. We propose to use the proceeds from realized gains on investments across various investments done by the DAO to be deployed in a structured manner. This consists of using one part to re-fill the treasury in USDC, one part buying back MC tokens for the treasury and the remaining part burning a part of the MC tokens bought back.

Staking portal

One way of tying everything together is our staking portal. Although more advanced than most staking modules, our current staking module is still relatively simple and straightforward. We aim to make it more complex and offer a wider range of options.

More about the staking portal can be found [here](#).



📁 Treasury report repository



The monthly treasury report summarises the financial activities of the Merit Circle DAO, which includes venture, token, NFT investments and yield-farm operations. For transparency, each report also includes a list of wallet addresses on Ethereum, the Binance Smart Chain, Solana and Ronin that are used by the DAO.

These reports, in addition to the DAO progress updates, are part of the Merit Circle Newsletter. Hosted on Substack, you can access these reports and subscribe to the newsletter by clicking [here](#).

Repository

[Treasury Report - December, 2021](#)

[Treasury Report - January, 2022](#)

[Treasury Report - February, 2022](#)

[Treasury Report - March, 2022](#)

[Treasury Report - April 2022](#)

[Treasury Report - May 2022](#)

[Treasury Report - June 2022](#)

[Treasury Report - July 2022](#)

[Treasury Report - August 2022](#)

[Treasury Report - September 2022](#)

[Treasury Report - October 2022](#)

[Treasury Report - November 2022](#)

[Treasury Report - December 2022](#)

[Treasury Report - January 2023](#)



Active mandates



At the Merit Circle DAO, our investments, operations and management of the treasury are guided by the collective decisions of our community members. Our investment strategies and activities are upheld through the mandates listed in this section. This ensures that we adhere to a strict strategy that allows for flexibility but simultaneously protects the DAO and its treasury.

A more detailed description of the currently active mandates can be found below.



MIP-2: Broad Investment Mandate



MIP-6: Early Stage De-risking Mandate



MIP-7: Sustainable Future Vision

MIP-2: Broad Investment Mandate :

The following page details the proposals brought forth in MIP-2, that are relevant to the operation, structure and strategy of Merit Circle Investments.

After raising \$105,576,956 in the Balancer Liquidity Bootstrapping Pool on Copperlaunch, it became clear that a broad investment mandate was required in using the DAO's funds. MIP-2 was proposed by Flow Ventures and was voted on and implemented in November 2021.

A broad investment mandate would help the DAO in maximizing the productivity of its sizable cash position. This mandate included the following proposals, that are most important for Merit Circle Investments:

1. **The formation of a discretionary investment committee through the combination of the following entities: Flow Ventures LP, Sergei Chan, CitizenX and Maven11.**

This collection of contributors would be able to deploy up to \$100,000,000 in USDC out of the mainDAO's treasury for investment operations that include: NFT investments, Token investments, Crypto assets (including crypto assets in yielding positions - yield-farms), USD stablecoins (including stablecoins in yielding positions - yield-farms) and Liquidity Provision token positions such as (but not limited to:) Uniswap or Sushiswap LP tokens.

An important part of the proposal, as it allows the DAO to leverage its contributors' expertise in investment, thereby increasing the assets under management and the DAO's presence in the metaverse. This also ensured that the vast amount of funds raised would not be left idle, and instead be used to help scale current operations in a much more efficient and exponential manner.

2. **Seeding all current and future multi-sig wallets with 0.5 ETH signing fees.**

As the last signers pay a fee in Ether, seeding all wallets in this manner provides more flexibility of the 4-7 multi-sig.

Comment Senad: Multisig details to be updated shortly provided new proposal passes.

MIP-6: Early Stage De-risking Mandate

The following page details the proposals brought forth in MIP-6, that are relevant to the operation, structure and strategy of Merit Circle Investments.

MIP-6 was proposed by the Sad Cat Capital and was voted on and implemented in December 2021. MIP-2 served as a foundation for the investment committee to begin utilizing the vast amount of resources raised by the DAO, through investments in tokens, NFTs, stablecoins and yield-farm operations. Building on this, MIP-6 created a structure to de-risk early-stage token and NFT investments, at the time that they would become liquid.

Based on the decisions made by the investment committee, the DAO takes part in many SAFT (Simple Agreement for Future Tokens) and NFT investments. These investments are usually made in the early stages of a project, where they are sold at a fixed price to early supporters, with a vesting schedule attached. At this point, there is usually no liquidity for the given investment.

In the second stage of a project, the investment becomes tradable as it is opened to the broader market. Given the vesting schedule that early supporters are bound to, they must wait until these locks have expired and their investment becomes tradable. When this takes place, it is common for the token or NFT to trade at high multiples of the purchase price. Therefore, a need was recognized in creating an early stage investment de-risking mandate.

Building on the foundations set by MIP-2, this mandate would govern when and how the DAO would take profits. This includes:

- the upkeep and maintenance of the DAO's treasury
- the diversification of the DAO's holdings
- the maintenance of relations with partnered games, by P2E revenue generation from productive, in-game assets
- providing enough capital for the DAO to take advantage of sudden opportunities in the market

Considering this in the broader scope of the DAO, the proposal sets forth a structure to balance its financial goals, made possible through the following sections of the MIP-6 mandate:

1. **De-risk any investment as standard procedure when it hits a 10x multiple from the purchase price or more and the investment is liquid**
2. **Standard de-risk by selling up to 100% of the initial dollar value of the investment at current prices back into the market**
3. **A standard procedure where to take profit on another 100%, effectively taking back 200% of the initial dollar value that was invested**
4. **Take profit on a maximum of 20% of the total token or NFT position**

This means that profit-taking could exceed 200%. This is up to the discretion of the investment committee, acting in accordance with the DAOs mandate and best interest. At this point, the DAO would have doubled its investment. The investment is now completely risk-free and the DAO has double the amount of capital it can put into new projects.

- **For larger sells (or buys) of tokens or NFTs the DAO should issue a proposal and go through a form of discussion and/or voting process.**

🔥 MIP-7: Sustainable Future Vision

The following page details the proposals brought forth in MIP-7 that are relevant to the operation, structure and strategy of Merit Circle Investments.



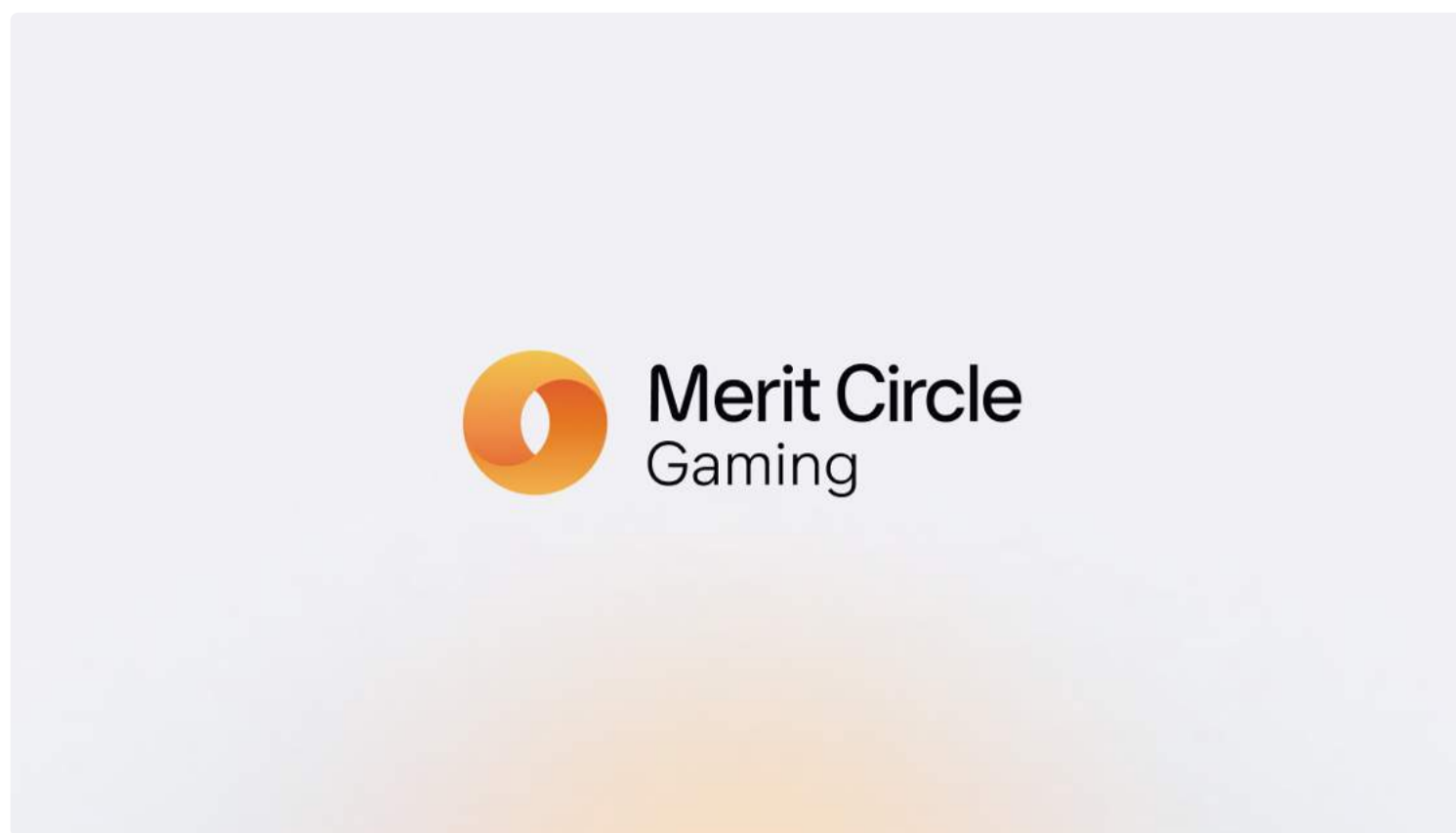
MIP-7 was proposed by the Sad Cat Capital and was voted on and implemented in December 2021. With MIP-2, the DAO was beginning to formalize a framework to invest its vast amount of resources from the treasury in tokens, NFTs, stable coins and yield-farming operations.

MIP-6 furthered this, by setting forth the parameters from which the DAO could de-risk from their investments. This took on a multi-faceted approach, as it was necessary to find a balance of taking profits back to the DAO, maintaining a level of productive assets used with partnered games, to also be used in P2E revenue generation.

MIP-7 expands on the previous mandate by aligning our investment framework with a sustainable future vision for the Merit Circle DAO. This would be twofold; in the growth of the DAO itself, in addition to growing the value of the \$MC token.

The aim of this mandate was to create a more transparent and structured way of allocating the DAO's realized gains, which include:

- **20% of the proceeds will be sent back in USDC to the treasury;**
This allows the DAO's treasury to keep building up its non-native token treasury and allows us to maintain one of the strongest treasuries in the space.
- **5% of the proceeds will be sent back in crypto assets (mostly ETH and WBTC) to the treasury as the harder part of the cash reserve**
- **60% of the proceeds will be used to support 10%-35% below the market value; this will be done on-chain and therefore verifiable by everyone**
Every seven days the limit order price will be adjusted according to the market price. Bought back MC will over time be the main source for MC staking dividend. Additionally, it can be sold to strategic investors with long lockups or burned, subject to DAO governance. The general idea of the bought back stack is to enhance value accrual for the token and maximize the benefit to the DAO.
- **15% of the proceeds will be used to buy back \$MC and send them to 0x000000**
This will ensure that the treasury maintains a healthy mix of non-native tokens, which can be used in expanding our metaverse index fund. Through buybacks, we are building support for the \$MC token and, by making the token deflationary, enhancing its value-accrual mechanisms.



Just as the body requires blood to run through its veins, the Merit Circle DAO is intrinsically connected to the world of gaming. We love gaming: we invest in games, incubate games, have thousands of gamers in our community and, with the development of our gaming platform, we are bringing it all together in one place.

Merit Circle is a gaming DAO that dives deep into the gaming industry and we are on a mission to make Merit Circle synonymous with Blockchain gaming.

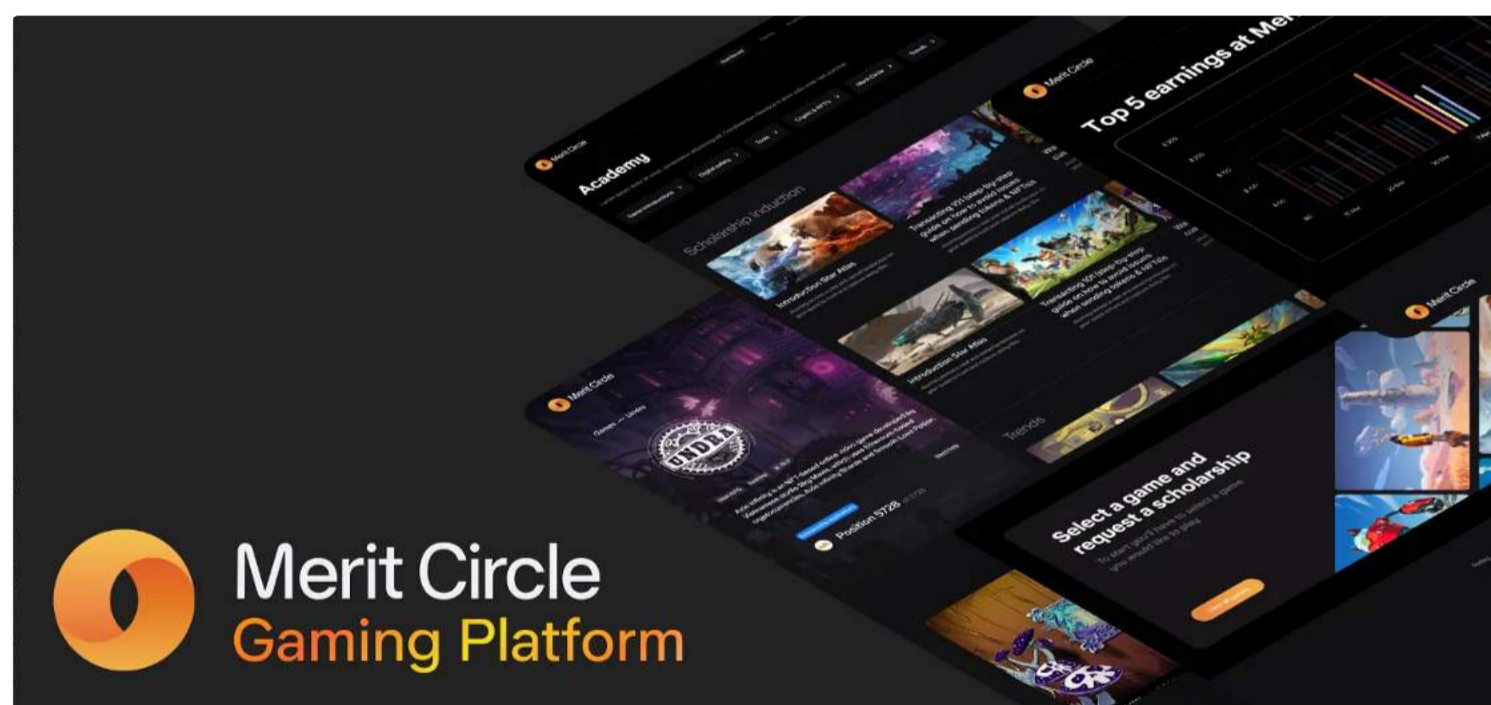
How does this vertical work?

As one of the four verticals, Merit Circle Gaming embodies the heart of the DAO. At its core, we are a community of gamers; and have been able to grow to our size in a welcoming and healthy environment. This also allowed us to provide opportunities to our community members across the world. Our ambitions, however, extend far beyond that.

The aim of this vertical is to leverage our experiences with sustainable games, and our network to build a gaming platform that will house all of our gaming operations. To summarize, the gaming vertical;

- Hosts gaming opportunities for passionate gamers across the globe
- Competitive gaming in various blockchain games
- Allow the community to get more involved in a vital aspect of game development – limited entrances for beta-testing
- Driving users to the NFT marketplace we are building

Gaming platform



We are proud to have released the first iteration of our gaming platform that will function as the home for our gaming community. We're privileged to have received the support and dedication from thousands of gamers across the globe that have supported us in our journey so far. This platform will help us to better manage these gamers, educate them in the best way possible and, eventually, navigate them seamlessly through the gaming industry.

A more elaborate description of the gaming platform can be found [here](#).

Merit Circle Gaming Academy

We are all about empowerment, and education is a massive part of that. As the old proverb we live by goes: *"If you give a man a fish, you feed him for a day. If you teach a man to fish, you feed him for a lifetime."* As such, a fundamental part of our gaming platform will be the Merit Circle Gaming Academy. Here, we'll give our gamers the tools to learn about everything from our gamers and cryptocurrency to managing aspects of their personal lives, such as financial guidance, as well.

We have been carefully crafting educational content that is available through our platform. It will be the breeding ground for a new generation of gamers who'll learn 'on the job' as they become better at playing their favorite games but also by being able to unlock their full potential.



Innovation is born through collaboration, creativity and perseverance. Here at the Merit Circle DAO, we cherish innovation and, owing to our unique position within the gaming industry, it's something we're able to nurture.

Under our studios' vertical, we combine our skillset, expertise, community and significant treasury to unlock the potential of others and offer the perfect breeding ground for creative projects. It's a space where, as well as actively publishing our own concepts, we can collaborate with and push ground-breaking projects.

We are passionate about contributing to this industry and we know that the Merit Circle DAO is bigger and broader than we initially thought possible.

How does this vertical work?

As one of the four verticals, the Merit Circle Studios houses our ambitions to create innovative projects and collaborate with the most promising projects. Using the force of the entire DAO, we can combine our skillset, expertise, community and significant treasury in creating an open and creative space.

The aim of this vertical is to formalize a space where new projects, that push ground-breaking concepts, are incubated and where core contributors in the DAO can work on publishing concepts of our own. To summarize, the studios' vertical:

- Drives direct value towards all other verticals in the DAO's ecosystem
- Is the breeding ground for creative projects from within the Merit Circle DAO
- Collaborates with existing projects and projects from non-web3 companies
- Aims to become the preferred partner for web3 native teams aiming to launch a project

Merit Circle Grants



The Merit Circle Grants offers enthusiastic members in our DAO a chance to pitch in and help contribute towards the development of the Merit Circle ecosystem.

The idea of this program was born out of a response to the overwhelming amount of interest shown by community members in adding value to the DAO. With such an international group of backers, members and project founders; we noticed the large pool of untapped skills and expertise that is waiting to be unleashed.

For more information please visit this page.



Edenhorde



Edenhorde evolved from within the Merit Circle DAO. Internally, we created a task force that dedicated most of its time to the realization of Edenhorde, a world-building project with an extended focus on developing IP and a powerful brand. After determining the initial scope, we reached out to a few expert external contributors to help make Edenhorde a reality.

Edenhorde is run by the Merit Circle DAO with external parties contributing to its success. While we have plenty of our own ideas similar to Edenhorde, we feel that, in the long-run, incubating concepts from existing parties is more scalable than doing everything in-house.

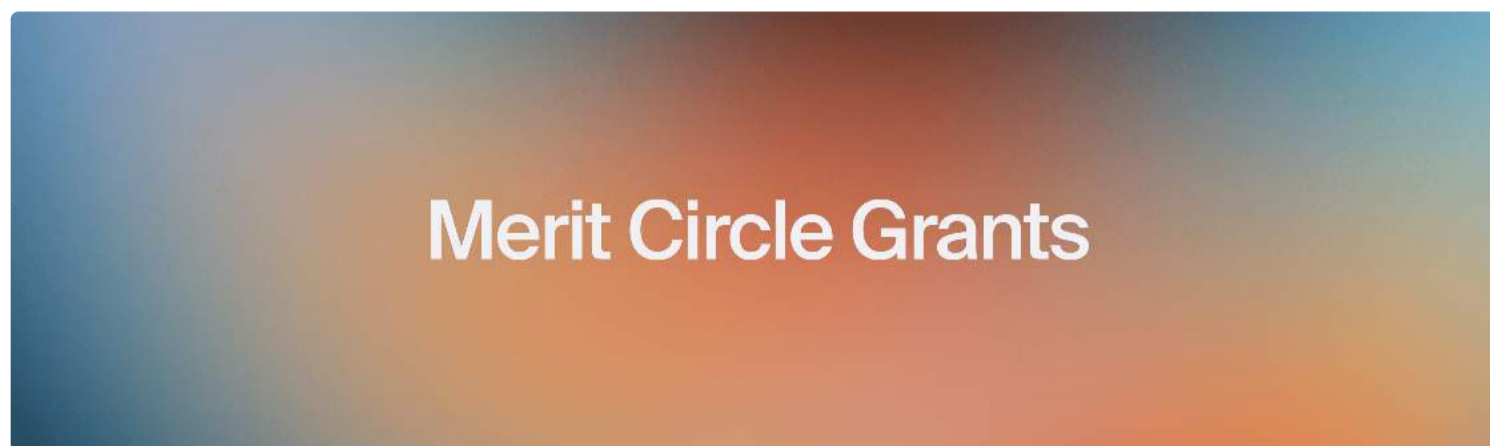
For more information about Edenhorde, please visit this page.



Value creation

The Merit Circle DAO's ecosystem is ever-evolving. Each vertical will add value to the ecosystem as a whole, and it's no different within the studios' vertical. Every single project that launches under the Merit Circle DAO will create value for all parties involved and, when Merit Circle is one of those parties, it will generate value for the DAO too.

Contribute towards the development of the Merit Circle ecosystem



The Merit Circle Grants offers enthusiastic members in our DAO a chance to pitch in and help contribute towards the development of the Merit Circle ecosystem.

The idea of this program was born out of a response to the overwhelming amount of interest shown by community members in adding value to the DAO. With such an international group of backers, members and project founders; we noticed the large pool of untapped skills and expertise that is waiting to be unleashed.

What kind of grants are there?

The DAO offers two types of grants that are currently available;

- **Research grant - Max \$10,000 per applicant:** The intent for this grant is to lead up to a larger proposal, on which the community will vote. This will be for proposals exceeding the limits of this grant.
- **Development grant - Max \$25,000 per applicant:** The intent for this grant is to compensate developer(s) for the expenses that are incurred while working on their project.

How do I apply for a grant?

Applications for the Merit Circle Grants are handled through [Wonderverse](#), a software application where DAOs have the ability to collaborate with their contributors. We are currently limiting the platform's features to solely the grant system. In the future, we might expand on this, but currently there are no plans to do so.

To apply for a grant, please follow the steps below;

1. Create an account at --> [wonderverse.xyz](#)
2. Join the Merit Circle DAO as an organization --> https://app.wonderverse.xyz/organization/merit_circle/home*
 1. You will need to hold at least 1 \$MC or Edenhorde NFT to enter the organization. This threshold is to ensure only those close to the DAO have the right to receive a grant.
3. Head over to the 'Grants' category to view the available grants --> https://app.wonderverse.xyz/organization/merit_circle/grants
4. Chose between the Research grant or the Development grant, enter your application and submit once you're ready.

After your application is submitted the Grant Committee will internally take a moment to review and discuss further steps.

Who votes on the applications for the grants?

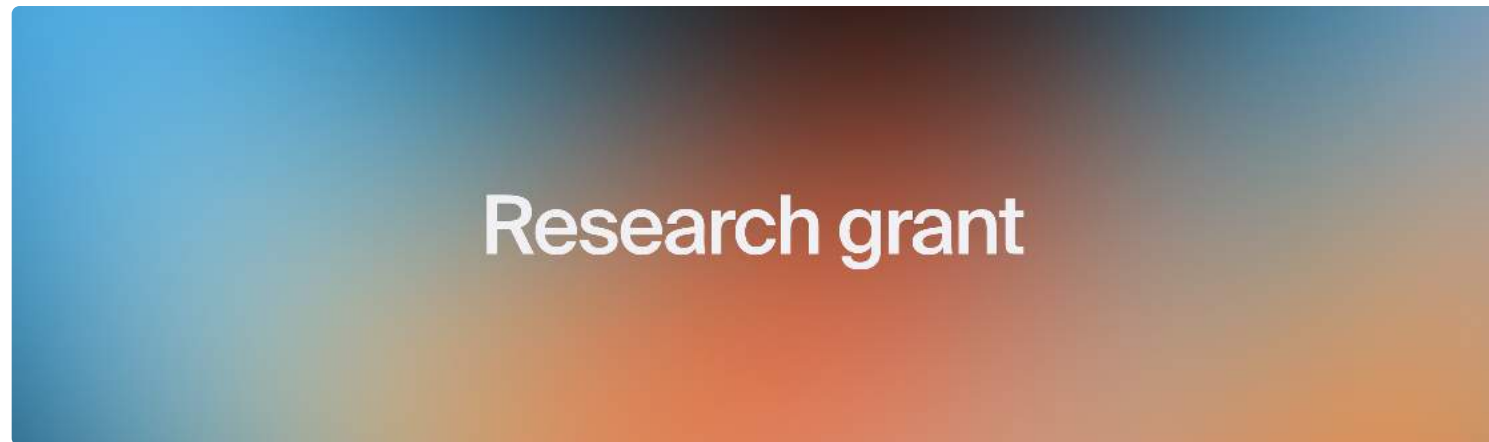
We have formed a Grant Committee consisting of the following DAO community members responsible for approving or rejecting grant proposals.

1. Sad Cat Capital (Consistent DAO Contributors)
2. CitizenX (Investors)
3. Giga (DAO Research firm)
4. Orange Pill

To ensure a decentralized view and a fresh pair of eyes every now and then, we propose to re-elect the members of the committee every 12 months through a proposal. However, the proposed DAO community members of the committee will have the liberty to remove or replace any committee member through a unanimous vote. These decision should be announced on the governance forum.

The selection of the committee above has been done based on the input and contributions of these individuals to the Merit Circle DAO since the very beginning. Decisions will be made based on the majority of committee approving, or rejecting the proposal. Each application can expect a brief summary of the committee's thoughts as an answer on their application.

Research grant



Applications can be done [here](#)

The grant is set at a maximum of \$10,000 per applicant, which will be distributed by the DAO to researcher(s), for the expenses that are incurred while working on their project's proposal. The intent for this grant is to lead up to a larger proposal, on which the community will vote. This will be for proposals exceeding the limits of this grant.

When the aim of the application is to create a new product for the Merit Circle DAO, we will advise you to create a prototype to properly illustrate your product. This will be an important indicator of the capabilities of the applicant.

It must be clear that the budget will not be granted for the person merely writing the proposal. The budget is there to spend on external working hours creating a prototype, graphic design or any kind of work the applicant is not able to do themselves.

Requirements

- Each application should include a thorough breakdown of the project, the applicant and reasoning why you would be fit for the task.
 - This includes clearly defined goals and deliverables
 - Include a breakdown of how you wish to achieve these goals and deliverables. This could include timelines and milestones for each goal/deliverable.
- Each application should include a rationale that answers the question: "Why should this grant be accepted?"
- Each application should include a breakdown of the required budget, which will be made public
 - In this breakdown clearly define how you will be spending the required budget and why the requested amount is justified.
- Each applicant will write weekly, bi-weekly or monthly progress reports dependent on the project and its complexity
- Each accepted application will either lead up to a proposal on the governance forum, or an explanation why the project doesn't seem fruitful after the research process

⚙️ Development grant



Applications can be done [here](#)

The grant is set at a maximum of \$25,000 per applicant, which will be distributed by the DAO to developer(s), for the expenses that are incurred while working on their project.

In some cases, building a product does not require a large budget. However, to compensate for the time and effort spent by the developers, we do wish to provide a grant. This grant will be used for the complete development of the product, and will not (always) require a further proposal.

Examples of projects which could be eligible for a development grant:

- Development of a treasury dashboard
- Integration into a certain protocol or game
- Development of a specific feature for the gaming platform, Sphere or any other Merit Circle DAO product
- Creation of an extensive series of research reports
- Realization of physical items to distribute among MC community

Requirements

- Each application should include a breakdown of the required budget, which will be made public
 - In this breakdown clearly define how you will be spending the required budget and why the requested amount is justified.
- Each application should include a rationale that answers the question: "Why should this grant be accepted?"
- Each application should include a thorough breakdown of the project, the applicant and reasoning why you would be fit for the task.
 - This includes clearly defined goals and deliverables
 - Include a breakdown of how you wish to achieve these goals and deliverables. This could include timelines and milestones for each goal/deliverable.
- Each applicant will write weekly, bi-weekly or monthly progress reports dependent on the project and its complexity
- Each accepted application will either lead up to a proposal on the governance forum, or an explanation why the project doesn't seem fruitful after the research process

🔥 Edensorde



Edensorde is a media franchise from Merit Circle in the form of 8,800 non-fungible tokens (NFTs), driven by collective worldbuilding and intellectual property. By owning an Edensorde NFT you are a part-owner. It aims to be the first “media mix” franchise in the NFT space, building from a foundation of the initial episodic narrative arc.

Edensorde also acts as the flagship NFT project of Merit Circle and a gateway to the Merit Circle ecosystem.

To learn more about Edensorde, please visit one of the channels below:

- [Twitter](#)
- [Discord](#)
- [Website](#)

👕 Merit Circle Tactile



Merit Circle Tactile is an exclusive set of 650 merchandise boxes for the community. By minting their pass, community members can pick a size before claiming their box. In this box, they will find a selection of high-quality items ranging from two t-shirts and a long sleeve top to a hoodie, scarf and hat.

Born out of [MIP-21](#), this collaboration with Daan de Greef, the DAO set out to create a way for our digital community to connect with the Merit Circle brand through something physical, something you can touch, something tactile. At the same time, the DAO has put a lot of effort into creating these items in a way that does minimal damage to our planet.

For more information about Merit Circle Tactile please view the links below:

- [Website](#)
- [OpenSea](#)



What is Sphere?

Sphere is a marketplace for gaming assets in the broadest sense of the word. The term 'gaming assets' has been completely transformed over the decades. Once, these only meant physical items like dice or cards. With the digitalization of gaming, these started to include cartridges, CDs and consoles, and today they encompass so much more.

Today, thanks to the introduction of NFT technology, everything and anything within a game can become an asset, from your very account to the land where battles take place and the weapons your character uses to slay the ultimate boss. All of these assets can be freely transferred and exchanged from person-to-person on a marketplace like Sphere.

Sphere will open its doors to trusted gaming assets utilizing NFT technology that the gaming industry has to offer. As we've shared previously, with Sphere we are taking the wishes and needs of all parties into consideration from the creator and the collector to the gamer.

To learn more about Sphere, these links are suggested

- [Sphere](#)
- [Twitter](#)

How can I become a Merit Circle Gamer?

Everything related to gaming happens in our Discord environment. To become a gamer, [please join this server](#) and follow the instructions provided there.

How can I contribute to the Merit Circle DAO?

We invite anyone to participate in the Merit Circle DAO by contributing in various ways. This can be done by joining our community on one of our social channels, or through submitting a [DAO proposal](#).

What does your team look like?

As a DAO, we encourage all \$MC holders to participate in our Governance forum. The proposals that are voted on, are implemented and enacted by the various entities that form the DAO. For an up-to-date list of our contributors and investors, click [here](#).

Where can I see the DAO's treasuries?

In order to provide investors with a clear and transparent overview of the DAOs financial activities, a detailed treasury report is published each month. These include an overview of token, NFT investments, stablecoin holdings and staking operations. The treasury reports can be found [here](#), as well as on [Substack](#).

How can I stake my \$MC?

\$MC holders can benefit from rewards on their holdings, by staking their tokens through our staking portal. Connect to our portal with a number of web3 wallets, choose a pool that fits your preferences and start earning! For more information, click [here](#).

How can I propose a partnership?

As the ecosystem of the Merit Circle DAO grows, we are not only in search of games to partner with, but also infrastructure partners. If you feel that your company would be a good fit within our ecosystem, reach out to us [here](#)! We will make sure to get back to you as soon as possible.

I have more questions — who can I ask?

If you have more questions about Merit Circle, reach out on [Telegram](#), [Discord](#) or [Twitter](#) and we will get back to you as soon as we can.