



Proposal Name: Gen2 Royalty Wind Down

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Governance Reviewer: Unjustmouse MonkeDAO Nano MonkeDAO

Voting Rules

Category: NFT Metadata Change Proposal

Duration: 7 days

Quorum: 7.5% (=372/4951 non-frozen, non-burned SMB Gen2 NFTs)

Passing vote: 66% (Super Majority)

Summary

Transition SMB Gen2 royalties to 0% over a five-month period.

Proposal Details

Recent proposals have packaged a transition to 0% royalties together with the implementation of immutability. It appears, however, that immutability is not currently achievable and/or would require taking uncomfortable risks with unaudited Solana programs.

Since there is interest from various members of the DAO to move towards both of these things, this proposal seeks to implement the 0% royalties side, however it also fits together with the companion proposal "Gen2 Immutability Investigation & Commitment" to form a cohesive plan towards achieving both.

This change is viewed by many as a precondition to immutability – in other words, before Gen2 is made immutable, royalties should be set at 0%.

This proposal seeks to find a common ground between the competing positions (of some people wanting to maintain royalties long term and other people wanting 0% royalties immediately), by transitioning Gen2 royalties to 0% over a five-month period, stepping down by 1% each month until it reaches 0%. The transition period should allow the DAO to achieve a further return on its investment in Gen2, while also providing those who ultimately desire 0% (and immutability) certainty that the DAO will reach that end goal by a certain date.

Goals / Evaluation Metrics

- To move the Gen2 royalties to 0 over a five month period

- Spark renewed interest in the Gen2 collection from those seeking “true ownership” (typically is viewed as requiring 0% royalties and immutability)
- Improve sentiment relating to Gen2 amongst MonkeDAO members and the Solana and/or NFT communities in general

Benefits to DAO & Individual Members

- 0% royalties provides better returns for people selling SMB Gen2 monkes

Risks & Concerns

- SMB Gen2 royalties are currently the primary source of income for MonkeDAO (in November this accounted for \$67K USD of revenue, as compared to \$46K USD from SMB Gen3 and \$6K USD from SMB Barrels) and this proposal would entirely eliminate that revenue source.
- The DAO’s \$1.95M purchase of the SMB IP + assets primarily derived its value from the perceived market value of the SMB Gen2 collection and its royalty stream. To date the DAO has only recouped roughly \$600K from the Gen2 collection specifically (although it is necessary to note that the value of the acquired SMB brand has also had a meaningful impact on the sales and royalties of SMB Gen3), which is far short of the purchase price.
- If the SMB Gen2 collection contributes zero income to MonkeDAO once this wind down has completed, it may cause a lot of friction between Gen2 and Gen3 members where the Gen3 collection is the primary funding source of DAO operations but Gen2 members currently have full governance rights and priority access to all MonkeDAO services, communication channels, events, and other benefits.

Tentative Timeline/Roadmap

- The authors (Craigory and Jam) will work with the CEO and executive team to make sure the DAO adheres to the schedule.
- On January 2, 2024, Gen2 royalties will be decreased by 1%, from 5% to 4%.
- On February 1, 2024, Gen2 royalties will be decreased by 1%, from 4% to 3%.
- On March 1, 2024, Gen2 royalties will be decreased by 1%, from 3% to 2%
- On April 1, 2024, Gen2 royalties will be decreased by 1%, from 2% to 1%
- On May 1, 2024, Gen2 royalties will be decreased by 1%, from 1% to 0%

Treasury Spending & Impact

- Negligible on-chain update costs (0.025 SOL in total to update royalties over a five month period)
- Removal of MonkeDAO’s primary revenue stream