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Dolomite Governance Proposal — Treasury Management & Allocations

Title

[DIP-XX] Clear and Specific Title (e.g., [DIP-20] Deploy 500k USDC from Treasury into Dolomite ETH Market Liquidity on Arbitrum)

Author(s)

Include name(s), role(s), and affiliation (e.g., team member, community member, partner)

Date

YYYY-MM-DD

Related Discussions

Link to any relevant forum posts, Discord threads, governance calls, or Temp Check discussions

Simple Summary

2–3 sentences describing the treasury change, purpose, and expected impact.

Abstract

High-level overview of the treasury change:

- What is being changed (assets, location, deployment)
- Why the change is being made (exposure, yield, liquidity, governance influence, goodwill)
- Expected benefits for Dolomite and its community

Motivation & Background

Why is this proposal being made?

- What problem does it solve or opportunity does it capture?
 - Why now? (market conditions, ecosystem changes, new partnerships, etc.)
 - Any relevant historical context (past treasury strategies, prior allocations)
-

Proposal Type — Treasury Management & Allocations

Scope of Change:

- Asset allocation (swapping, diversifying, concentrating exposure)
- Chain migration (moving treasury between chains)
- Liquidity support (deploying treasury into Dolomite pools or other protocols)
- Yield farming / rewards (earning yield or strategic rewards)
- Governance participation (acquiring tokens to influence other protocols)
- Other (specify)

Specification

- **Current Treasury Assets & Location:** Provide a snapshot of current balances
- **Target Allocation / Deployment Plan:**
 - Assets being moved/swapped
 - Destination chain(s) or protocol(s)
 - Amounts, percentages, or caps
- **Execution Method:**

- Swaps on DEXs or OTC
 - Bridging solution(s) for cross-chain moves
 - Contracts for liquidity or staking deployment
 - **Operational Requirements:**
 - Treasury multisig actions
 - Smart contract interactions
 - External protocol integrations
 - **Parameters:**
 - Size of allocation (absolute and % of treasury)
 - Duration (permanent, time-limited, revocable)
 - Risk limits (caps, stop-loss conditions, etc.)
-

Economic & Market Impact

- Treasury risk profile before vs. after
 - Expected yield / return vs. opportunity cost
 - Liquidity impact on Dolomite markets (if applicable)
 - Ecosystem impact (e.g., seeding liquidity, supporting stablecoin adoption, aligning with partners)
 - Governance impact (if acquiring governance power in external protocol)
-

Risks & Considerations

- Smart contract risk (for yield strategies, liquidity pools, or integrations)

- Market risk (price exposure, impermanent loss, volatility)
 - Bridge risk (for cross-chain transfers)
 - Counterparty risk (if OTC or custodial involvement)
 - Governance risk (if using treasury for external voting power)
 - Opportunity cost of funds locked elsewhere
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Implementation Plan

- **Timeline:** Step-by-step plan with target dates
 - **Deployment Steps:** Specific actions (swaps, bridges, deposits)
 - **Responsible Parties:** Teams, multisig signers, or service providers
 - **Required Approvals:** Governance votes, audits, multisig confirmations
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Success Criteria & Metrics

- ROI or yield generated
 - Liquidity depth improvement (if applicable)
 - Reduction in volatility or improved diversification
 - Strategic alignment benefits (e.g., partnerships, goodwill, governance influence)
 - Metrics for evaluating whether to continue, expand, or unwind strategy
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Additional Information & References

- Links to relevant protocol docs, dashboards, or simulations

- Snapshots of treasury balances before and projected after the change
- External audits or reviews of involved contracts/protocols

Example Proposal Formatted for Discord

 Note - If your proposal is too long to fit in a single Discord post, split it into two and post the second half as the first reply

Title

[DIP-XX] Deploy \$1M Treasury USDC to Arbitrum as WBTC for Create Deeper Liquidity for Borrowers

Author(s)

Dolomite Team

Date

2025-08-29

Related Discussions

N/A

Simple Summary

This proposal moves \$1M worth of treasury USDC from Berachain to Arbitrum, swaps it for WBTC, and supplies the WBTC into Dolomite markets on Arbitrum. The goal is to increase WBTC liquidity, lower borrow rates, and enable users to execute more capital-efficient ****gmBTC**** and ****gmBTC-USD looping strategies****.

Abstract

Dolomite's treasury currently holds stablecoins on Berachain. This proposal deploys \$1M USDC from the treasury on Berachain to Arbitrum, where it will be swapped for WBTC and deposited into Dolomite's Arbitrum WBTC market.

By boosting the supply side of WBTC, borrow rates will decrease, allowing for more borrowing to perform gmBTC and gmBTC-USD looping strategies. This increases protocol activity, grows TVL, and strengthens Dolomite's positioning as the premier protocol on Arbitrum for those interested in BTC.

Motivation & Background

Why is this proposal being made?

- * Current WBTC supply on Arbitrum is constrained, resulting in higher borrow rates, and limiting the amount of gmBTC and gmBTC-USD looping that can be performed.
- * High borrow rates reduce the attractiveness of gmBTC and gmBTC-USD looping, limiting user activity and protocol growth.
- * The treasury can act strategically to deepen liquidity, improving the user experience and creating positive feedback loops, attracting more users and usage to Dolomite at a time when other lending protocols are deploying on Arbitrum.

Why now?

- * Borrow demand for BTC on Arbitrum is consistently high.
- * Dolomite is positioning as a leading protocol on Arbitrum, and much of that usage and growth comes from enabling GMX GM asset looping. Further enabling these loops will help Dolomite maintain and grow its position even as other lending protocols deploy on Arbitrum.
- * The treasury has sufficient USDC reserves on Berachain to support this move, and it presents an opportunity for the treasury to gain some exposure to the broader BTC market, as well as earn BTC yield.

Proposal Type — Treasury Management & Allocations

Scope of Change

- * Move treasury funds cross-chain
- * Swap assets for exposure (USDC → WBTC)
- * Deploy liquidity into Dolomite

Specification

- * **Current Treasury Assets & Location:** \$X USDC on Berachain (treasury balance)
- * **Target Allocation:**
 - * Amount: \$1M USDC
 - * Destination Chain: Arbitrum
 - * Swap: USDC → WBTC
 - * Deployment: Supply WBTC into Dolomite Arbitrum WBTC market
- * **Execution Method:**
 - * Bridge \$1M USDC from Berachain → Arbitrum (trusted bridging solution TBD)
 - * Swap USDC → WBTC on a deep-liquidity DEX/aggregator on Arbitrum
 - * Deposit WBTC into Dolomite Arbitrum

*** **Operational Requirements:****

- * Treasury multisig executes bridge, swap, and deposit

*** **Parameters:****

- * Allocation Size: \$1M (~X% of total treasury, confirm exact %)
- * Deployment: Ongoing until governance decides to unwind or reallocate

Economic & Market Impact

*** **Lower Borrow Rates:**** Increased WBTC supply directly reduces borrow rates, making gmBTC and gmBTC-USD looping more attractive (likely temporary, as usage of the WBTC for looping would bring the rate back up).

*** **TVL Growth:**** Boosted user activity drives higher deposits and borrows.

*** **Treasury Exposure:**** Diversifies part of treasury into BTC, giving the DAO additional long-term upside exposure.

Risks & Considerations

*** **Bridge Risk:**** Cross-chain transfers inherently carry bridge security risks.

*** **Market Risk:**** Exposure shifts from stable USDC to volatile BTC; value may fluctuate.

*** **Liquidity Risk:**** If unwound, swapping WBTC back to USDC may incur slippage.

*** **Opportunity Cost:**** USDC could have been deployed elsewhere for yield; tradeoff is direct user growth impact here.

Implementation Plan

****Timeline****

- * Week 1: Governance approval
- * Week 2: Bridge USDC from Berachain to Arbitrum
- * Week 2: Swap USDC → WBTC on Arbitrum
- * Week 2: Deposit WBTC into Dolomite Arbitrum

****Deployment Steps****

- * Treasury multisig bridges \$1M USDC
- * Execute swap to WBTC
- * Supply WBTC into Dolomite

****Responsible Parties:**** Treasury multisig signers, Dolomite core contributors

****Required Approvals:**** Governance vote

Success Criteria & Metrics

- * Reduction in WBTC borrow rates in the short term
- * Increase in gmBTC looping activity in the long term
- * Growth in Dolomite Arbitrum TVL

* Long-term ROI of treasury allocation (BTC price exposure + protocol growth benefits)

Additional Information & References

* [Dolomite Documentation](<https://docs.dolomite.io>)

* [Dolomite market stats dashboards](https://dune.com/dolomite_io/dolomite-analytics)