TXDAO Migration Strategy

Executive Summary

TXDAO is a strategic Ethereum-native reboot of the Telos blockchain ecosystem, designed to preserve and grow the value of its community, incubated projects, and token holders. By allowing TLOS token holders to migrate to Ethereum and claim TXDAO tokens under a new governance framework, TXDAO establishes a clean, transparent, and scalable future on Ethereum L1 and L2.

This document outlines the technical, governance, and tokenomic structure of TXDAO, including its relationship to Telos, the migration mechanics, and how TXDAO will operate as a fully onchain, DAO-first incubator and scaling platform.

1. Rationale

1.1 Limitations of Telos L1

- Technically outdated Antelope-based L1
- Unsustainable validator subsidies
- Inflationary economics with no direct value capture
- Weak DeFi integrations and isolated ecosystem
- Centralized influence by the Telos Foundation and lack of transparency in decision making

1.2 Opportunity on Ethereum

- Leverage Ethereum's security and DeFi liquidity
- Operate TXDAO as a **fully onchain DAO** with **no foundation, no centralized entity, and no off-chain governance**
- Expand incubator strategy under credible neutrality
- Migrate key projects (Telos X, HyperTX) into a unified treasury-driven ecosystem
- The first strategic asset of TXDAO will be **Telos X**, a next-generation exchange protocol developed by John Lilic, Dino M and Cometh. In alignment with the spirit of Telos X (community-driven value creation and circulation) the exchange will periodically **buy and burn TXDAO tokens** using protocol revenue to ensure value accrual and token scarcity
- Leverage Ethereum's security and DeFi liquidity
- Operate TXDAO as a **fully onchain DAO** with **no foundation, no centralized entity, and no off-chain governance**
- Migrate key projects (Telos X, Gigachain, HyperTelos) into a unified treasury-driven ecosystem

2. Migration Process

2.1 Snapshot

- A snapshot of all **TLOS ERC20 balances on Ethereum** will be taken at a defined block height
- A Merkle tree of balances will be generated and stored onchain

2.2 Claim Mechanics

- This is a non-destructive migration. **TLOS tokens are not burned**. Users retain full ownership of their TLOS while also receiving TXDAO tokens.
- Users claim **TXDAO tokens** based on TLOS balance at snapshot
- A fixed **creator tax** is applied (e.g., 10%) to each claim:
    - TLOS * (1 - tax%) → Claimed by user as TXDAO
    - TLOS * tax% → Allocated to creator wallet (locked + vesting)

2.3 Claim Example

User Balance	Tax %	User TXDAO	Creator TXDAO (Vesting)
1,000 TLOS	10%	900	100

3. Tokenomics

3.1 TXDAO Token

- ERC20 deployed on Ethereum
- Mintable by MerkleClaim contract only
- No inflation, fixed supply after migration window ends

3.2 Creator Tax & Vesting

- Creator receives a portion of TXDAO tokens via claim tax
- Creator tokens are locked in a **vesting contract**:
    - **Cliff**: 6 months
    - **Vesting**: 2 years linear
- **All tokens allocated via the creator tax are used to fund ongoing development, infrastructure maintenance, and ecosystem expansion**. The creator wallet represents the development steward of the ecosystem.

4. Smart Contract Architecture

4.1 TxDAOToken.sol

Mintable ERC20 token controlled by DAO or migration contracts.

4.2 MerkleClaimWithVesting.sol

Merkle proof-based claim system with automatic creator tax redirection.

4.3 CreatorVesting.sol

Creator tokens vest over time via claimable schedule:

- Vesting starts at time of claim
- Monthly unlock or block-by-block vesting

5. Governance Structure

5.1 DAO Deployment (Aragon OSx)

- TXDAO launched using https://app.aragon.org
- Voting token: TXDAO
- Treasury management via Gnosis Safe + Aragon plugins

5.2 DAO Mandate

- **All decision-making will occur fully onchain**
- No Telos Foundation, no multisig gatekeepers, no opaque board processes
- Govern the TXDAO ecosystem
- Allocate funds to incubated projects
- Enforce onchain transparency

6. Launch Timeline

Phase	Description
1	Finalize snapshot + Merkle tree
2	Deploy TXDAO token + vesting + claim contracts
3	Launch Aragon DAO + configure permissions
4	Publish frontend dashboard + enable claims

7. Strategic Positioning

7.1 What TXDAO *is*

- A **community-led Ethereum-native migration** of Telos
- A **transparent, DAO-first incubator** of existing and future projects
- A **scalable governance and funding mechanism** for existing and future ventures
- A **fully onchain system** where every transaction, proposal, and funding action is publicly verifiable

7.2 What TXDAO *Is Not*

- Not an attack without cause; it's a necessary evolution
- Not an opportunistic fork; it includes the actual builders of Telos assets
- Not inflationary; no ongoing validator subsidies
- Not reliant on a foundation, multisig, or closed governance structure

7.3 Vampire Attack Framed as Liberation

- Telos L1 has become stagnant, closed, and inefficient
- TXDAO is a way out —> an opt-in migration to a better governed, Ethereum-aligned system

"TXDAO is not killing Telos … it is saving the best parts and setting them free."

8. Frontend & UX

- Minimalist React dashboard
- Wallet connection + ETH balance
- Onchain proposal interface
- Merkle claim + tax logic (call generation only)
- Fundraising vault static view

9. Optional Enhancements

- Snapshot voting integration
- DAO-based treasury streaming (Sablier, UNCX)
- Governance-controlled vesting rates

10. Call to Action

TXDAO invites all TLOS holders, Telos builders, and DeFi-native users to migrate into a new governance era. On Ethereum, with full transparency, onchain coordination, and aligned incentives, TXDAO offers what Telos could never become; a truly sovereign, Ethereum-powered collective. All governance is enforced by code. All treasury activity is publicly verifiable. There will be **no foundation, no intermediaries, and no offchain governance but rather only onchain execution and collective accountability.**