Celo Governance Call #19

July 21, 2022

CGP 0058: Increasing Mento Bucket Sizes for cREAL (Link)

- Summary: The Mento bucket size for a Celo stablecoin affects how quickly the price of the Celo stablecoin reacts if there's a lot more demand than supply or if there's a lot more supply than demand. Increasing the Celo bucket size makes the price change more quickly, and that's what this proposal aims to do.
- Why It's Needed: This will help cREAL better navigate volatile periods like crypto markets in general have experienced recently.
- Discussion Points:
    - What are the downsides? The larger the bucket, the more reserve value we expose in the case of an attack.
    - Planning to submit on-chain on Monday evening CEST.
        - Preferred timing: Not necessarily a preferred time, but reach out to the approvers ahead of time so they are aware. Referendum should end on a weekday.
        - Eric Nakagawa has a direct line to the approvers.

CGP 0059: Reduce Exchange Spreads for cREAL (Link)

- Summary: Whenever there's a Mento transaction with cREAL, Mento charges 0.5% of the value exchanged. This proposal would lower that to 0.25%, which is what Mento charges for transactions with cEUR and cUSD.
- Why It's Needed: cStables maintain their peg to their corresponding fiat currency through arbitrage. If there's not a 1:1 match in the price between the Celo stablecoin and the corresponding currency, there's an arbitrage opportunity, and as people take advantage of it, it pushes the exchange rate back to a 1:1 match. If there were no fees, this arbitrage opportunity would be present right when the price deviates from the 1:1 match, but with a 0.5% transaction fee, there isn't an arbitrage opportunity until there's over a 0.5% deviation. This proposal would lower the deviation needed to create an arbitrage opportunity.
- Discussion Points:
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Celo Proposal Issue 315: Problem sending wrong money (Link) ***not a CGP***

- Summary: A Celo user mistakenly sent cUSD from their private wallet address to a cUSD contract address.
- Why It's Needed: We'd like to see if there's anything we can do to help this person, and we'd like to see if there's a broader solution to prevent this from happening in the future.
- Discussion Points:

- Is there a way to undo this? As we get more users, it'll happen more often. There's ~$12K in the cUSD smart contract.
  - In theory, the funds can be recovered. It would require at least a governance proposal and maybe some contract changes because the contracts don't currently support sending money.
    - It could work for people who use there own address.
  - Long-term, we could implement a mechanism to cause these transactions to fail.
- Mento contract has some consumer protection mechanisms.
- Is it possible to implement a change to reject these transactions? Yes, it is possible, but it would require code changes.
- Next Step: Eric & Martín to c