

# The Arbitrum Foundation

BI-ANNUAL PROGRESS  
UPDATE H1 2024



# Contents

<b>00 Executive Summary</b>	<b>01</b>	<b>04 Foundation Finance and Operational Update</b>	<b>32</b>
<b>01 Fostering Ecosystem Growth</b>	<b>02</b>	Finances	33
Foundation Grants: January to June 2024 (H1) Update	02	Checks & Balances	37
Ecosystem Growth	10	Committees	38
DeFi Expansion	10	Personnel	38
Web3 Gaming on Arbitrum Continues to Boom	11		
Arbitrum Orbit Chains Multiply	13	<b>05 Progress of the DAO</b>	<b>39</b>
Stylus Ecosystem Growth	15	Security Council Election for March Cohort	40
		GovHack Brussels	42
<b>02 Developer Education and Community Engagement</b>	<b>16</b>	GovHack ETHDenver	42
Cultivating a Resilient Developer Ecosystem and	17	Bootstrapping Governance Advisors	43
Driving Excitement Around Innovation		Support for GrantsDAO	44
Bootstrapping Regional Community Growth	20	Operationalizing ADPC's Subsidy Fund	44
Ambassador Program Phase 1 Concludes	20	for Security Services	
Phase 2 Launch: Expansion in Nigeria, India, and Mexico	20	Captive Insurance Product for the ArbitrumDAO	44
Expanding Global Footprint with Regional Activations	24	Operationalizing the Gaming Catalyst Program (GCP)	45
Leading in Must-Win Verticals: Gaming	22	Operationalizing the STEP Initiative for Treasury	45
Promoting Brand Love and Inclusivity	23	Diversification & Yield	
		Tracking Misuse of DAO Funds from	45
<b>03 Technical Advancements</b>	<b>26</b>	the Short-Term Incentive Program (STIP)	
Enhancing Arbitrum's Security	28		
EIP-4844 and Account Abstraction Wallets	28	<b>06 Appendix</b>	<b>46</b>
Bounded Liquidity Delay (BoLD)	29		
Timeboost	30		
Stylus: Advancing The Virtual Machine and	31		
Developer Experience			

# Executive Summary

The Arbitrum Foundation (the “Foundation”), a Cayman Islands foundation company serving and governed by the ArbitrumDAO, is pleased to share its [Progress Update](#) for the first half of 2024 (H1 2024). This report is a bi-annual update to the Transparency Report published annually (in the first quarter) and details the Foundation’s activities and their impact on the Arbitrum ecosystem.

The Arbitrum Foundation has successfully upheld its mandate of supporting the Arbitrum ecosystem and enforcing the guidelines outlined in the [ArbitrumDAO Constitution](#). The Foundation has collaborated closely with DAO members, the community, developers and stakeholders to foster growth and innovation, while ensuring community-driven decision-making.

In March 2023, the ArbitrumDAO celebrated its first year anniversary—a significant milestone for the Foundation as its key enabler. In the first half of 2024, the Foundation oversaw the Security Council member elections, operationalized critical DAO initiatives like [STEP](#) and [GCP](#), and became the first Foundation in Web3 to secure insurance coverage designed to protect token holders. The Foundation also sponsored and co-hosted the first-ever real-life governance hackathon (GovHack) to hack proposals for the DAO during 2024’s ETHDenver, which was followed by another successful GovHack in EthCC Brussels.

The Arbitrum Foundation fostered ecosystem growth through its Grants Program, providing both capital and guidance to high-potential projects in a fair and transparent manner. To ensure a more standardized awarding process, the Foundation

implemented ‘growth tracks’ in Q2 2024. The growing number of projects integrating Arbitrum technology across verticals reflects Arbitrum’s increasing prominence in the Layer 2 landscape—a trend the Foundation actively supports.

On the technical front, the Foundation has been actively overseeing key proposals for several potentially significant innovations. These include the implementation of [Stylus](#), [BoLD](#) and [Timeboost](#). The Foundation remains an active champion of the technology, supporting projects that want to migrate to the Arbitrum Nitro tech stack and is excited about the 50+ teams that have announced plans to build Orbit chains.

Cultivating a resilient Arbitrum ecosystem through developer education and community engagement have remained the prime focus for the Foundation this year. The Foundation continues to pursue this by hosting developer workshops on emerging tech like Stylus, participating in key global events (ETHDenver and EthCC 2024) and vertical-specific conferences (2024 Game Developer Conference), spearheading engaging social campaigns (#ArbitrumArcade), and solidifying brand presence through Arbitrum Day, Arbitrum’s flagship summit. In addition, the Foundation has expanded its Ambassador program in Q2 2024 to bootstrap regional growth by onboarding deeply embedded advocates.

Upholding its commitment to transparency, the Foundation is happy to present the [BI-ANNUAL PROGRESS UPDATE H1 2024](#). The Foundation is dedicated to Arbitrum’s success, security and

network growth, and is excited to continue working hand-in-hand with the ArbitrumDAO and Arbitrum’s community members.

Previously published Foundation reports can be found below:

- [Transparency Report 2023](#)
- [Transparency Report: Initial Foundation Setup](#)

**Notes:** This report is for the period of January to June 2024, which shall be referred to as H1 2024. Unless otherwise specified, data snapshots are as of June 30, 2024. There is a time lag between writing and publishing of this report, therefore, all information in the report may not be up-to-date.

Please find the full progress update below.

**Fostering  
Ecosystem Growth**



This section focuses solely on The Arbitrum Foundation and its work. As part of its continuous efforts to drive ecosystem growth, the Foundation has secured, supported and enabled a number of key growth-driven initiatives, including The Arbitrum Foundation Grant Program and other strategic partnerships.

## Foundation Grants: January to June 2024 (H1) Update

The Arbitrum Foundation Grant Program was launched in July 2023 to **foster innovation and growth in the ecosystem**. The Grants Program provides financial and other support to projects that advance or contribute to the adoption of Arbitrum technology.

As of June 30, 2024, the Foundation has received 1,436 applications and approved grants to 212 projects since its inception.

The Grants Program operates in phases, with each phase drawing applications from specific growth areas within the Arbitrum ecosystem. Phase 1 of the Grants Program, with a focus on decentralized applications and infrastructure for Arbitrum Nova and Arbitrum One, closed in December 2023.



### Grant Applications Received by the Foundation Since Inception (July 2023)



■ **212**

Grants Approved

■ **1,177**

Denied Applications

■ **47**

Applications Being Processed\*

**1,436**

Total Applications

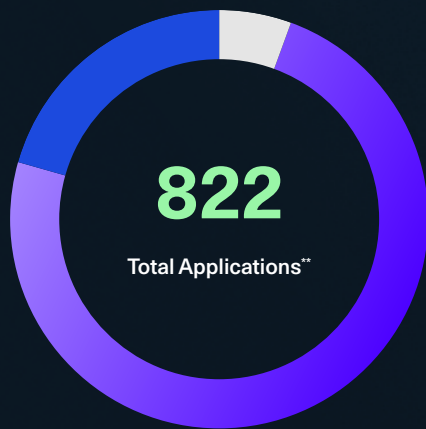
*\*Applications being processed\* includes those under negotiation, KYC in progress or where contracts are being prepared*

## FOUNDATION GRANTS: JANUARY TO JUNE 2024 (H1) UPDATE CONTINUED

In 2024, Phase 2 and 3 were launched with a more targeted focus on projects building decentralized applications across Gaming, DePIN, NFT, Social and DeFi. The Foundation received 822 applicants of which 169 were approved in the first half of 2024. More details on Ecosystem Growth spend, of which the Grant Program forms a part, is provided under the 'Finance' section of this report.

As of July 31, 2024, the Phase 3 applications were closed and the Foundation is preparing to launch the next phase of Grants Program in H2 2024.

### Overview of H1 2024 Grants\*



\*Numbers include both confidential and non-confidential grants. Details of non-confidential grantees are publicly available [here](#).

\*\*Total applications\* includes those received in 2023, but executed in 2024.

■ 47

Applications Being Processed\*\*\*

■ 606

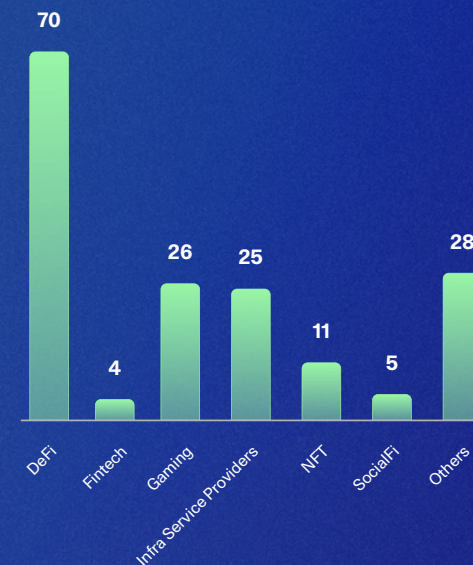
Denied Applications

■ 169

Grants Approved

\*\*\*Applications being processed\* includes those under negotiation, KYC in progress, or where contracts are being prepared.

### H1 2024 Grants by Category\*



169

Total Grants Approved in H1 2024

\*Grants include both confidential and non-confidential grants. Details of non-confidential grantees are publicly available [here](#).

## RENEWED APPROACH TO GRANTS

In April 2024, Phase 3 of The Arbitrum Foundation Grant Program was rolled out with an emphasis on transparency and standardized criteria for selection. The Foundation introduced five **Grant Tracks** that projects can choose from based on their development stage, growth projection and type of project.

Currently, the five Grant Tracks are:



### 01 GROWTH TRACK

For projects showing early signs of traction and who aim to launch on the Arbitrum (One or Nova) mainnet soon.



### 02 ADVANCED GROWTH TRACK

For projects with proven momentum looking to amplify their growth on Arbitrum (One or Nova).



### 03 MULTICHAIN TRACK

For projects with proven momentum on another blockchain, but keen to integrate with Arbitrum.



### 04 ORBIT TRACK

For projects building innovative app chains, rollups and rollups infrastructure on Orbit.



### 05 STYLUS TRACK

For innovative projects like (but not limited to) math-heavy finance algorithms, onchain generative art or complex cryptography on Stylus.

## KEY IMPROVEMENTS IN PHASE 3: INCREASED TRANSPARENCY

In Phase 3, the Foundation zeroed in on two key areas of improvement:

- ✓ **Clearer Reporting**  
Detailed disclosure on the grant selection criteria, evaluation process, amounts committed and the selected projects serves to enhance the transparency of the Grants Program.
- ✓ **Effective Allocation of Funds**  
Directing grant applicants to the dedicated Grant Tracks helps improve the Program's effectiveness and efficiency. This approach also ensures that applicants receive the most appropriate support and resources for their needs and stage of development.



## OBJECTIVES OF THE GRANT PROGRAM

As The Arbitrum Foundation Grant Program enters Phase 3, the Foundation's focus remains steadfast on supporting projects holistically and at various stages of developments, ranging from pre-testnet to fully launched products. The goal is to provide the necessary resources and support to ensure these projects can thrive and contribute meaningfully to the Arbitrum ecosystem. In addition to grants, the following support is extended to grantees.

- 01 Ecosystem Access
- 02 Milestone Alignment
- 03 Mentorship
- 04 Tailored Support
- 05 Ongoing Support

### Non-monetary Support Offered to Grantees

#### ✦ Ecosystem Access

Grantees have the opportunity to connect with other members of the ecosystem and foster valuable partnerships.

#### ◇ Milestone Alignment

The Foundation and grantees work closely to align milestones so that projects can progress independently while contributing to collective growth.

#### 🗣️ Mentorship

Grantees gain access to a network of mentors, industry experts and technical resources who can offer support from technical development to market strategy. This is especially helpful to early-stage projects.

#### ↪️ Tailored Support

Support is tailored to Grantees' needs. This can range from technical guidance from the Foundation's in-house experts to leveraging the Foundation's marketing channels (e.g. access to >1M followers on the @Arbitrum X page).

#### ♥️ Ongoing Support

Even after completion of milestones, the Foundation continues to provide growth and networking opportunities for long-term success.





## HOW ARE GRANTS AWARDED?

The Foundation employs a multi-step evaluation process and a standard set of criteria from which grant winners are determined. Every step has in-built checks and balances, as well as guardrails to ensure only the most suitable projects receive funding.

To ensure projects stay on course and on schedule, The Arbitrum Foundation adopted a milestone-centric approach. Once a new project is selected and onboarded, a set number of product and growth-focused milestones are agreed upon. As they achieve the milestones, their grant amounts are unlocked.

### Grant Application and Evaluation Process



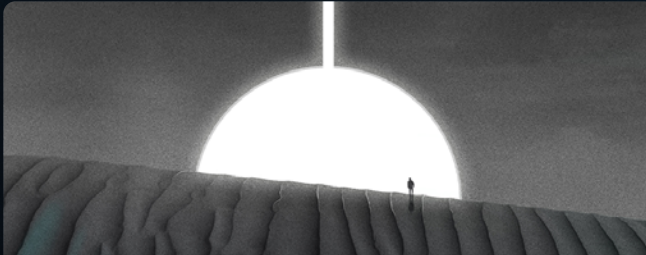
## SUCCESS STORIES

Several grantees of The Arbitrum Foundation Grant Program have achieved significant milestones. Here are a few highlights:



### SANKO

Sanko launched its flagship game, SankoPets™, in 2024. The game quickly garnered significant user interest. Recently, Sanko introduced new features such as swaps aggregating V2 and V3 liquidity from CamelotDEX, trending tokens, token portfolio values in dollars, market cap and 24-hour percentage changes for top tokens, and automatic token logo fetching.



### PENDLE

Pendle has seen significant progress, particularly with the rise of Liquid Restaking Tokens (LRTs). By the end of June 2024, Pendle had integrated various assets, including Etherfi ETH, Renzo ETH, and Kelp ETH and achieved \$351 million in TVL on Arbitrum. Pendle's success is a testament to the robust opportunities available in the Arbitrum ecosystem.



### OSTIUM

Ostium has been another remarkable success in the Arbitrum ecosystem. It has full-stack Perpetual infrastructure designed for Real World Assets, and has made impressive strides since receiving The Arbitrum Foundation grant. Ostium launched its testnet in March 2024, with many many eager to test the app.

## TESTIMONIALS



**George**  
Co-Founder of Footium

“The Arbitrum Foundation Grants Program has been super helpful for Footium. The support that’s offered alongside the grant itself has been very useful for us, allowing us to get our game in front of the Arbitrum Community. The flexibility from the grants team when unforeseen circumstances arose has been incredible!”



**Pavel**  
Core Contributor at Almagein

“The Arbitrum grant experience has been phenomenal. Our communication with the Arbitrum team after the grant approval has been very effective and efficient. The Foundation team understands tech development processes and has been incredibly helpful and supportive throughout our journey. We have had experience with other blockchain grant programs, and Arbitrum is the most supportive, attentive and open to creativity and innovation.”



**Ivan Seara Nunes**  
Head of Product at Superposition

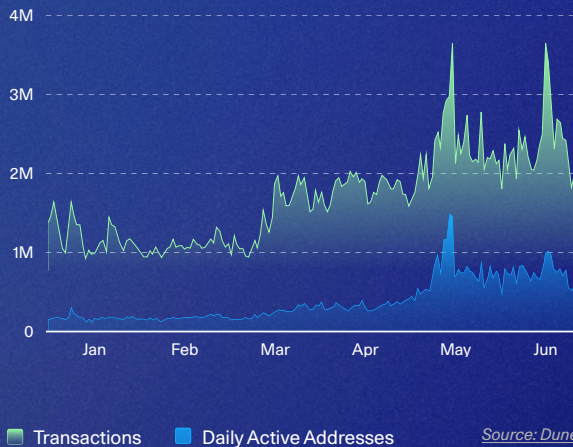
“The Arbitrum Foundation Grants Program has been an incredible asset to Superposition. Beyond the financial support, their commitment to co-marketing and amplification through AMAs, events such as the ArbiBrunch in Consensus, and many other social channels and opportunities has greatly increased our visibility within and outside of the Arbitrum Community. The Foundation team has been highly receptive to feedback and has actively engaged with us, providing access to new technologies like Stylus as it comes hot off the press. Their efforts in connecting us with key industry players and supporting us with their latest innovations have allowed us to grow alongside the Arbitrum ecosystem”



## Ecosystem Growth

The Arbitrum ecosystem continued to expand in H1 2024, adding leading projects that were both built on Arbitrum as well as those that migrated from other blockchains. Projects from DeFi, Web3 Gaming, Orbit and Social were among the notable applications that launched on Arbitrum in the first half of 2024. From an adoption perspective, Arbitrum chains witnessed continued growth powered by key deployments across verticals and the new users coming onchain as a result.

Arbitrum One Daily Transaction Volume and Active Addresses, H1 2024



## DEFI EXPANSION

Arbitrum One, Arbitrum's flagship rollup solution, continued to dominate in the L2 market and lead the DeFi vertical with over \$1 billion in Liquid Restaking Tokens (as on June 05, 2024)—the highest for any chain outside the Ethereum mainnet. Stablecoins market cap on Arbitrum roughly doubled to \$4 billion in H1 2024 with USDT leading the pack. Assets bridged from Ethereum L1 to Arbitrum One continued to grow exponentially to ~1.8 million (the largest for any L2) by the end of June, 2024.

Several key integrations, from liquidity protocols to infrastructure projects, solidified Arbitrum as a robust platform for DeFi applications. The Robinhood Wallet X Arbitrum Foundation collaboration, for instance, enabled low-cost in-app swaps for traders and paved the way for a new wave of adoptions.

### Key DeFi Integrations on Arbitrum, H1 2024

#### Robinhood

The Arbitrum Foundation and Robinhood collaborated to simplify the path to Layer 2s. They did this by giving Robinhood Wallet users access to Arbitrum swaps through decentralized exchanges.

#### Synthetix

Derivatives liquidity protocol Synthetix launched on Arbitrum One.

#### Alchemix

Alchemix, which offers self-repaying, interest-free, and non-liquidating loans, went live on Arbitrum One.

#### Venus Protocol

Venus Protocol, the largest lending project on the BNB chain, deployed on Arbitrum One.

#### Instadapp

Instadapp announced a proposal to deploy Fluid on Arbitrum, their first chain after the Ethereum mainnet.

#### CoW Swap

DEX aggregation protocol CoW Swap launched on Arbitrum.

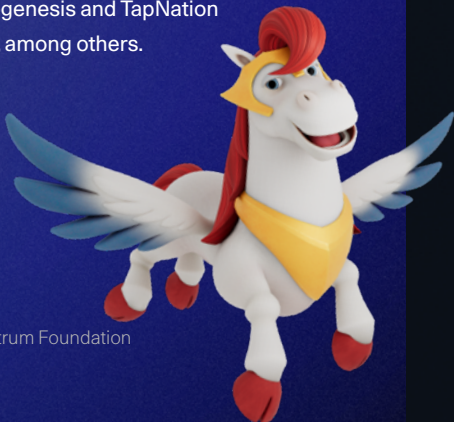
#### Renzo

Restaking protocol, Renzo, led the way for native restaking on Layer 2. Since launching on Arbitrum, it quickly became a top 5 project in the Arbitrum ecosystem.

## WEB3 GAMING ON ARBITRUM CONTINUES TO BOOM

The Arbitrum gaming ecosystem maintained its momentum throughout H1 2024. Existing partners like Proof of Play, Treasure DAO and Xai expanded their onchain bandwidth with the launch of their Arbitrum Orbit chains. Meanwhile, new entrants were also plentiful, with game studios ApeCoin DAO, InfiniGods, Curio, Gensokishi Metaverse and Delabs Games firmly establishing their presence in the space.

The Foundation was also happy to see more traditional, established gaming studios adopting Arbitrum technology in H1 2024. Examples of such adoption include those by Square Enix with Symbiogenesis and TapNation Games, among others.



The Arbitrum Foundation

### Key Gaming Deployments and Milestones on Arbitrum, H1 2024

#### Pirate Nation – Apex Chain

Onchain game studio Proof of Play launched Apex Chain (the blockchain powering its flagship game Pirate Nation) as an Arbitrum Orbit chain in February this year. They also migrated Pirate Nation to the Orbit tech stack. Pirate Nation also became one of the top chains settling on Ethereum in terms of [data throughput](#).

#### InfiniGods

Mobile gaming studio InfiniGods has collaborated with The Arbitrum Foundation to integrate the blockchain with InfiniGods' King of Destiny Web3 mobile game. The game also reached 500,000 installs on mobile with players minting items on Arbitrum Nova gasless.

#### The Beacon

The roguelite RPG game Beacon reached 200,000 DAU using Arbitrum One for token gating access and minted 10,000 NFTs on Arbitrum One, raising \$4 million.

#### Avarik Saga

Premiere Anime Gaming Web3 ecosystem Avarik Saga recently announced launching its flagship mobile game, Red Covenant, on Arbitrum.

#### Duper

Duper, a fully onchain social strategy war game, announced in May 2024 its launch on Arbitrum.

#### TapNation

TapNation Games, a mobile game studio with over 1 billion downloads, announced it will bring new titles to Arbitrum.

#### Delabs Games

Delabs Games picks Arbitrum One as home for Delabs Playable Layer and its suite of games, including Rumble Racing Star, Space Frontier, and Meta Bolts.

#### Square Enix

Prominent video game publisher Square Enix brings Symbiogenesis to Arbitrum One, minting 1,500 NFTs for the project's Chapter 2 launch.

The Arbitrum ecosystem also made significant new integrations across other verticals, such as in NFT, social, infrastructure and tooling. Decentralized social networking protocol Farcaster opened up full support to Arbitrum transactions. Likewise, notable NFT marketplace Zora and custodians such as BitGo and Anchorage, among others, extended support to Arbitrum.



## Key Arbitrum Integrations Across Social, NFT & Infra, H1 2024

### Farcaster

Web3 social network Farcaster supports Arbitrum Frames natively.

### BitGo & Anchorage Digital

Custodians BitGo and Anchorage support Arbitrum for custody.

### Backpack

Backpack wallet added support for Arbitrum.

### Union Labs

Interoperability Layer Union added support for Arbitrum to connect Arbitrum Orbit with other modular blockchains.

### LayerZero

Interoperability protocol LayerZero made Arbitrum the default network for the \$ZRO airdrop.

### Arbzuki

[Arbzuki](#), a special edition Azuki #723 with custom Arbitrum traits designed by Steamboy, co-creator of Azuki, reached 92,000 mints from 68,000 unique minters.

### Zora & Arb Zorb

Prominent NFT marketplace Zora expanded to Arbitrum and in commemoration issued '[Arb Zorb](#)' NFT, which reached 100,000 mints with proceeds going to Accelerate Art, a non-profit dedicated to uplifting emerging artists in the Web3 space.

### RARI Foundation

RARI Foundation committed to fostering growth of decentralized NFT infrastructure, launched the mainnet release of RARI chain, an EVM Layer 3 chain that embeds royalties at the Sequencer level powered by Arbitrum.

### Morpheus

Decentralized computing power market Morpheus completed a fair launch on Arbitrum.

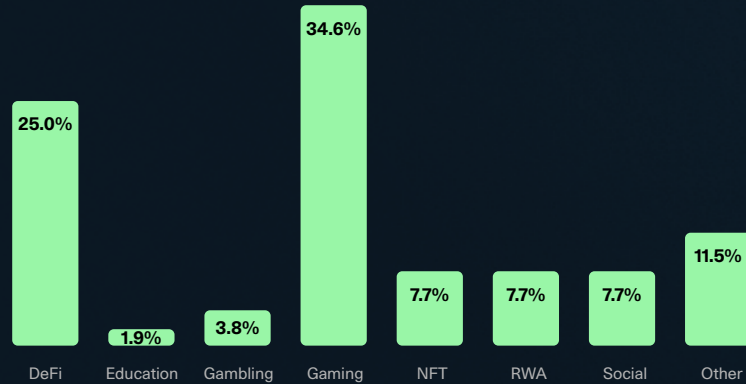
## ARBITRUM ORBIT CHAINS MULTIPLY

In total, there have been 17 mainnet releases in H1 2024 with transactions growing exponentially to over 10 million per day. Most activity was recorded by Xai, Proof of Play, Degen, and Playnance chains. Meanwhile, Saltwater Games, Dodo, and Millicent are projects that emerged from the Orbit Grants Program in H1 2024.

**17** Mainnet Releases  
in H1 2024

**10M+** Transactions  
a Day

Arbitrum Orbit Chains Distributed Across Different Categories



## The Ecosystem of Orbit Chains



## ARBITRUM ORBIT CHAINS MULTIPLY CONTINUED

In January 2024, the introduction of the [Arbitrum Expansion Program](#) paved the way for the explosion of Orbit chains. The Expansion Program brought in [licensing terms](#) that made it easy for projects to launch custom Arbitrum L2s that settle directly to Ethereum as well as Arbitrum L3s on top of other non-Arbitrum chains. In return, these Orbit chains share 10% of their profits with the broader Arbitrum ecosystem—8% to the ArbitrumDAO and 2% to the new Arbitrum Developer Guild. Arbitrum L3s that settle to Arbitrum One and Nova continue to remain free and permissionless to use and customize Arbitrum codebase.

There are now over 50-plus teams that are publicly building Orbit chains and several more in development, spanning from a wide range of verticals and Orbit types. Notably, prominent communities like Apes and Treasure have chosen Arbitrum Orbit through open procurement processes despite competition. Azuki, Degen and Sanko are some other prominent chains attracted to its value proposition and building Orbit chains.

### Arbitrum Orbit Chains Announced in H1 2024

#### ApeCoin

ApeCoin DAO voted for Arbitrum as the tech stack of choice for ApeChain.

#### TreasureDAO

TreasureDAO voted for Arbitrum as the tech stack of choice for Treasure Chain.

#### Degen Chain

Layer 3 blockchain Degen launched on Arbitrum Orbit.

#### Azuki/AnimeChain

Azuki/AnimeChain chooses Arbitrum Orbit.

#### Sanko GameCorp

Layer3 Sanko GameCorp, prominent Web3 gaming platform based on Arbitrum Orbit, launched its mainnet and got over \$10m in TVL.

#### Hytopia

Web3 game Hytopia changed the tech stack from Polygon to Arbitrum Orbit.

#### Saltwater Games

Gaming studio Saltwater Games announced that they will build XR One with Arbitrum Orbit, powering Celeros, Resurgence, and the rest of the XR gaming ecosystem.

#### Genso Meta

Genso Meta announced migration from Polygon to its own Arbitrum Orbit, MV Chain.

#### Crypto Unicorns

NFT-based gaming platform Crypto Unicorns migrated from Polygon to Arbitrum-powered Xai.

#### Injective Labs

The DeFi R&D company Injective Labs integrated its core product in EVM's infrastructure into Arbitrum Orbit to build a novel interoperability framework.

#### Reya Labs

Reya Labs launched Reya Network, a Layer 2 optimized for DeFi trading, powered by Arbitrum Orbit.

#### Galxe/ Gravity Chain

Onchain distribution platform Galxe recently announced the launch of Gravity (Alpha Mainnet), an omnichain settlement layer on Arbitrum Orbit.



## STYLUS ECOSYSTEM GROWTH

Stylus was introduced in 2023 and launched to the testnet as an enhancement to the Arbitrum Nitro tech stack that enables developers to write smart contracts in popular programming languages (i.e. Rust, C and C++). Since then, several improvements to the tool have made it even more efficient (more on Stylus' development under the 'Technical Advancement' section).

## BUILDING WITH STYLUS

Stylus projects address a wide variety of challenges, each iteration a testament to the tool's ability to inspire and unlock new onchain applications.

### Notable Projects Using Stylus

## 01 Renegade Finance

Renegade Finance is building on-chain dark pools that use ZK proofs to ensure that trading activities are completely obscured from third parties. This is made possible in the EVM with Stylus.

## 02 Superposition

DeFi Native Layer 3 Superposition is creating an order book that steers order flows with faster execution speeds and permissionless liquidity.

## 03 Crypto Valley Exchange

CVEX is building the first portfolio-risk-capable platform for options and futures trading.

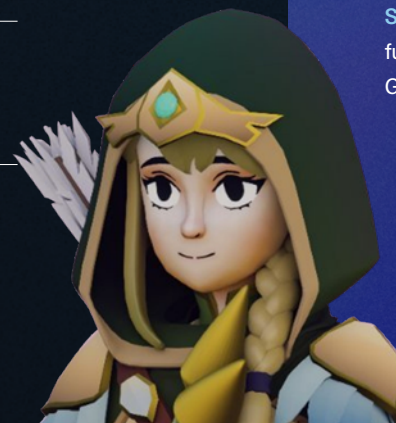
## 04 Fairblock

Fairblock is designing an encryption co-processor for DeFi, gaming, and AI applications using Stylus tooling.

In an effort to boost pre-launch awareness, The Arbitrum Foundation organized a 'Stylus Blitz Buildathon'. Seven teams were granted \$1,500 each for building Stylus contracts on Arbitrum Sepolia. In addition to the open competition, the Foundation has also sponsored developer toolings like Software Development Kit (SDK) and Command Line Interface (CLI) tools to ease the migration and development process.

Many more post-launch events are in the pipeline, including a Migration Bootcamp and a showcase series. The Bootcamp aims to simplify the development process, making it easier to build with Stylus from scratch. The showcase series intends to educate and spread awareness about Stylus by inviting teams to present their protocol and discuss how the tool enabled their process.

As of June 30, 2024, Superposition, Frak Labs and Fairblock Network were notable Stylus dApps that applied and received grants from The Arbitrum Foundation. On the infrastructure side, Well Done Studios, Bware Labs and Lime Chain received funding from The Arbitrum Foundation Grant Program.



## Developer Education and Community Engagement



The Arbitrum Foundation prioritizes developer education and community engagement as key pillars of its robust ecosystem. By empowering and uplifting its dedicated community of developers with first-hand knowledge and tools, the Foundation is laying the ground for future growth. In H1 2024, The Arbitrum Foundation rolled out a multi-pronged strategy to further strengthen the two pillars. It encompasses targeted educational campaigns, strategic social activations, impactful sponsorships and collaborative partnerships.

## Cultivating a Resilient Developer Ecosystem and Driving Excitement Around Innovation

A resilient ecosystem hinges on a community that aligns with the vision and values of its technological architects. The Foundation bridges the knowledge gap and fosters brand awareness through a comprehensive approach that includes real-world and virtual events, hackathons, and informative workshops around the world.

The Foundation strategically sponsors, attends, and co-hosts key third-party conferences like ETH events, fostering a strong presence within the Ethereum developer community. It also organizes and coordinates Arbitrum-specific events like Arbitrum Day, providing focused learning and networking opportunities for the Arbitrum community.

## ETHDENVER

The Arbitrum Foundation headed back to [ETHDenver](#) in February 2024 with much to offer and learn from the experiences. A dedicated [Arbitrum Booth](#) became a hub for participants to connect, while Arbitrum-centered events and appearances engaged builders and invited them to experience the tech stack. Notable events included:

### ETHDenver BUIDLathon

At ETHDenver BUIDLathon, multiple bounty programs were made available, incentivizing developers to explore and innovate with Arbitrum's L2 technology. The Foundation also hosted workshops like 'Onchain Chess in Rust with Arbitrum Stylus'. These workshops served a dual purpose: to showcase Arbitrum's technical potential and to facilitate knowledge-sharing among developers.

### GovHack

In collaboration with Hack Humanity, the Foundation co-hosted the inaugural in-person GovHack —a three-day governance bootcamp that culminated in an Arbitrum Community Open Day. The bootcamp facilitated significant progress on key proposals, ideas and work streams for the ArbitrumDAO. The GovHack was a testament to the Foundation's on-going commitment to fostering a culture of collaborative and empowered governance in the Arbitrum ecosystem.

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## CONSENSUS 2024

Consensus 2024, organized by CoinDesk, was a prime opportunity for builders, retail users and enthusiasts of the Arbitrum ecosystem to come together and engage with one another.

The Arbitrum Foundation hosted a brunch, [ArbiBrunch](#), with nearly 200 community participants. This half-day event served as a platform for dialogue and collaboration. Prominent partners, including OpenZeppelin, Robinhood and Securitize, participated in discussions exploring Arbitrum Stylus' innovative approach and strategies for mainstream blockchain technology integration.

The Foundation extended its reach by inviting journalists from leading publications and co-hosting events with Galxe and Pantera. Additionally, Arbitrum actively participated in numerous side events with industry leaders like SheFi, Plume, and Chainlink.

## ARBITRUM DAY AND ETHCC 7

In addition to third party events, The Arbitrum Foundation also hosts 'Arbitrum Day,' in-person and virtual events that bring the community together for sessions on innovation, brainstorming, community vision and more.

As of the writing of this report, the Foundation organized the first Arbitrum Day of 2024 at EthCC in Brussels. The half-day program, replete with talks and panel discussions, was conducive to interactive sessions between community members. Kickstarting with a keynote by **Vitalik Buterin** (Co-founder of Ethereum), Arbitrum Day boasted a stellar lineup: **Liz Yang** (Head of Growth at Azuki), **Iron Boots** (Co-Founder of Camelot), **Ed Felten** (Co-Founder and Chief Scientist at Offchain Labs) and **Brandon Comer** (Co-Founder of Shogun).

The impact of the first 2024 Arbitrum Day was evident: over 600 participants attended the event while Arbitrum's brand reach soared during EthCC, sparking a surge in community engagement. Weekly interactions increased to over 10,000, reflecting a **7.6% WoW growth**. Furthermore, average engagement per post on X saw a 28% weekly increase during the period and Arbitrum with keyword "ethCC" recorded **14 million earned reach**.

**600+** **14M**

Participants

Earned reach of Arbitrum  
with keyword "ethCC"

The Arbitrum Foundation

## ETHGLOBAL BRUSSELS

Following the successful participation at EthCC Brussels, The Arbitrum Foundation continued to foster developer engagement by sponsoring ETHGlobal Brussels. This premier hackathon attracted over 1,100 participants from 72 countries, creating a vibrant environment for innovation capabilities.

The Foundation actively participated in the hackathon through a dedicated sponsor booth and informative Stylus workshops. These workshops facilitated crucial knowledge transfer, empowering developers to harness Arbitrum's innovative technology. To further boost developer participation, the Foundation established a series of Arbitrum bounties totaling \$20,000. These bounties recognized outstanding projects across three categories: Best Stylus Project, Best Orbit Project, and Best General Project. At 85 project submissions, the bounties proved effective at jumpstarting developer interest and exploration of Arbitrum technology and capabilities.

**Vitalik Buterin, co-founder of Ethereum, delivering keynote speech at Arbitrum Day, Brussels** →



## KEY MARKETING PARTNERSHIP INITIATIVES



### Robinhood

In a first of its kind collaboration, The Arbitrum Foundation and Robinhood Wallet launched a crypto quest with support from Layer3 protocol to educate users on blockchain technology and NFTs. In less than a week from launch, the quest received about 3,000 participants.

## Frame It.

Building a DeFi app? **Frame it.**  
Creating onchain art? **Frame it.**  
Experimenting with social? **Frame it.**  
Developing anything on Arbitrum? **Frame it.**

### farcaster

To celebrate Arbitrum's integration on Farcaster, the Foundation hosted 'Frame It: A Buildathon'. This event offered developers a platform to create Frames with \$500,000 in retroactive rewards. The integration gave Frame builders and users direct access to Arbitrum's vast ecosystem and enabled developers to build Frames with direct Arbitrum transaction support. With 280,000 users on Farcaster, the Foundation is excited to see how projects will leverage Arbitrum technology in bringing social onchain.



### AZUKI

In a groundbreaking development for the NFT sector, The Arbitrum Foundation collaborated with Azuki, the top anime project in Web3, and AnimeCoin Foundation, the developer and steward of an anime network utilizing Web3 technology, to introduce AnimeChain. This collaboration is a community-driven online anime ecosystem that seamlessly integrates with Web3 technology. To celebrate the collaboration, a special edition Arbzuki NFT was designed by Steamboy, co-creator of Azuki, and launched using Arbitrum. The venture witnessed over 92,000 mints, of which a portion of the proceeds went to the ArbitrumDAO.

## Bootstrapping Regional Community Growth

The [Arbitrum Ambassador Program](#) is the cornerstone to building a grassroots community in the ecosystem. The program empowers community members to represent Arbitrum in their local chapters by encouraging them to educate users and developers about the Arbitrum tech stack. Ambassadors can do this by running online education campaigns and offline workshops.

### AMBASSADOR PROGRAM PHASE 1 CONCLUDES

In Q3 2023, The Arbitrum Foundation initiated the Ambassador Program as a way to engage audiences, especially university students. By nurturing learning, development and knowledge-sharing about Arbitrum technology, the program cultivated a community of enthusiasts who shared their interests with their local communities.

In the first phase, more than **3,000 applications were received**, of which 151 were accepted. The Foundation currently has **151 Arbitrum Ambassadors across 36 counties**, including university-based blockchains clubs, the Harvard Blockchain Club, Princeton Blockchain Club, 404DAO and FranklinDAO. Collectively, these ambassadors have organized over 30 offline events and produced more than 100 plus high-quality content resources. Their online efforts have totaled 1,870 posts, garnering 14 million earned reach.

### PHASE 2 LAUNCH: EXPANSION IN NIGERIA, INDIA AND MEXICO

Based on continued demand from the community to expand the Ambassador Program beyond university students, the Foundation launched Phase 2 of the Ambassador Program in Nigeria, India and Mexico, which have remained hotspots of community engagement for the Arbitrum ecosystem.

Starting June 2024, the Ambassador program extended to developers, non-developers, entrepreneurs, Web3 enthusiasts as well as students with a primary focus on driving education programs for the Arbitrum ecosystem. The Foundation extends necessary resources, guidance and incentives to ambassadors in an effort to create deeply embedded Arbitrum advocates and community builders.

**A total of 2,100 applications were received for Phase 2 as of June 30, 2024.**



## EXPANDING GLOBAL FOOTPRINT WITH REGIONAL ACTIVATIONS

In 2024, Arbitrum expanded its presence through global events like ETHDenver and EthCC in Europe, as well as hosts and participants of regional events across Asia and Latin America, the two important developer markets for the ecosystem.

### Asia

- **Vietnam**

FOSSASIA is Asia's largest open source developer conference. As a platinum sponsor this year, The Arbitrum Foundation hosted a four-hour builder workshop that garnered over 8,500 in-person and online engagements—delivering one of the best cost-per-engagement records in the industry.

The event drove critical awareness for Orbit and Stylus SDK, and the Ambassador and Grants programs among Vietnam's fast-growing developer community.

- **Greater China**

The Arbitrum Foundation is increasing awareness of Stylus' in China via educational initiatives. The Foundation launched an online developer course on Stylus with educational platform, HackQuest. The course drew more than 500 registrations in English and Chinese, with over 100 successfully completing the course. Many in the course took to X to share their Stylus learning progress with fellow community members.

- **Korea**

The Arbitrum Ambassadors from Yonsei and Korea Universities hosted a workshop and networking event in Seoul in May 2024. With the support of highly motivated ambassadors, the Foundation accelerated Arbitrum's traction in Korea. The event welcomed 40 in-person attendees, including industry players such as DSRV and Lambda256 (Upbit subsidiary), and garnered over 8,000 views on X. The event firmly solidified Korea's Ambassador program, invigorating strong participation in the Arbitrum ecosystem.

### Latin America

The Foundation has been engaging with the Latin America community consistently and is a proof point that its approach works. Arbitrum's growth in the region is now largely fueled by its fervent ambassadors.

The Arbitrum Foundation-supported initiatives and events in the region include:

- **EthColombia**

A three-month developer bootcamp to build dApps on Arbitrum and Ethereum. The bootcamp received 450 live attendees and 150 code submissions.

- **EthArgentina**

A series of developer workshops alongside Chainlink and The Graph, supported by Arbitrum Ambassadors.

- **EthSantiago**

Chile's first Arbitrum event, co-hosted with Chainlink.

- **Participation** across Guatemala, Mexico and other Latin American cities that brought together ambassadors, community members and ArbitrumDAO grantees to learn, discuss, exchange and educate.





Arbitrum Gaming Booth at  
Game Developer Conference,  
San Francisco

## Leading in Must-Win Verticals: Gaming

Arbitrum's adoption in key verticals—Gaming, DeFi, NFT, Real World Asset tokenization, etc.—is also a core focus for the Foundation. Targeted partnerships that expand brand visibility via social campaigns and physical presence at events have started to pay off in increased reach and engagement.

### GAME DEVELOPER CONFERENCE

The 2024 Game Developers Conference (GDC) in San Francisco marked a significant moment for Web3 gaming as a whole as it showcased Web3's growing presence within the game development industry. As one of two blockchains attending, the Foundation showcased 12 Arbitrum games to

The Arbitrum Foundation has also entered into a strategic partnership with a leading growth marketing agency for Web3 games to accelerate growth of promising game developers on Arbitrum. Through dedicated marketing support, this collaboration will help game developers expand their reach and acquire new users.

the 30,000+ conference attendees. The Foundation also participated in several side events with OpenSea, Robinhood, Samsung Next, Treasure, Ubisoft and Xai.

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**Arbitrum welcomed more than 15,000 visitors (roughly half the GDC attendance) to its booth across the three-day event. This unique opportunity exposed traditional gaming professionals to the opportunities in Web3 gaming and in the Arbitrum ecosystem.**

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### ARBITRUM ARCADE

Soon after 2024 GDC, the Foundation launched the Arbitrum Arcade, a nine-week long social campaign to highlight the vast and diverse games in the Arbitrum ecosystem.

Players were able to sync their in-game accounts with their wallets, creating on-chain attestations on Arbitrum about in-game data that would otherwise live off-chain. To celebrate, Arbitrum-themed soulbound NFTs were airdropped to participants.

The Arbitrum Arcade campaign, with 25 games on showcase, drove over 90 million impressions on social media. Through this effort, the Foundation delivered sizable exposure to new games in the ecosystem, built strong rapport with the creator community and sparked incredible excitement about the future of Web3 gaming.



## Promoting Brand Love and Inclusivity

As the Web3 ecosystem continues to grow in the latter half of 2024, the Foundation anticipates a surge in user adoption and capital investment within the Layer 2 landscape. Coupled with the existing robust user base and product maturity, the Foundation is well-positioned for substantial growth, including increased share of mind and of voice. By leaning into this momentum, the Foundation is creating a social flywheel of advocates with strong brand affinity.

### THE ARBITRUM BRAND ON SOCIAL MEDIA

To engage the broader community and keep them updated with the latest developments, The Arbitrum Foundation runs a suite of Arbitrum-focused accounts on X, catering to developers, the core community, and multiple regions in Arbitrum's global footprint.

As of June 30, 2024, the primary Arbitrum account (@arbitrum) grew by 12.5% over the last 6 months to 1.03 million followers. Average engagement per post jumped by 57%, from 377 to 592, indicating increasingly stronger social engagement from the Arbitrum community. During the same period, the Arbitrum Core (@arbitrumcore) and Arbitrum Developer (@arbitrumdevs) accounts grew 65.6% and 19.9%, respectively.

1,300

Brand Posts

428,700

Engagements

355M

Impressions

Follow @Arbitrum





## SHAKESHACK TAKEOVER

At EthDenver in February 2024, the Foundation hosted an 8-hour long [open community event](#) with over 700 attendees. Taking over an entire branch of Shake Shack, the experience displayed #ArbitrumArcade machines, including key titles like Forgotten Universe, Proof of Play, Battle Plan and The Beacon. Attendees got to try out the games while enjoying complimentary burgers and shakes. In preparation for the event, 4,800 [Arbiburger Generative NFTs](#) were minted on Prohibition.

← Arbitrum Shake Shack Takeover event with Arbitrum Arcade machines at ETHDenver 2024.

**700+** **4,800**

Total Attendees

[Arbiburger](#) Generative NFTs were minted on Prohibition

## ARBITRUMDAO'S FIRST ANNIVERSARY

In March 2024, The Arbitrum Foundation launched a campaign to mark the [DAO's First Anniversary](#). The milestone offered a great opportunity to expand brand loyalty through a series of celebrations. In recognition of active community participation, the Foundation presented the '[The ArbitrumDAO: Celebrating The First Anniversary SBT NFT](#)', which highlighted key moments in Arbitrum's journey through a gasless experience, and hit 52,700 mints from Arbitrum enthusiasts in less than two days.

## SHEFI: FOSTERING WOMEN EMPOWERMENT AND DIVERSITY

In alignment to Arbitrum's commitment to [inclusivity](#), the [Foundation co-sponsored SheFi Season 11](#) with the Thank Arb team from ArbitrumDAO, in an effort to nurture more women and non-binary participation in the ecosystem.

The SheFi community comprises 3,000 forward-thinking women from around the world who collectively strive for a more inclusive Web3 space. They mainly achieve this by making blockchain learning accessible and equitable to all. As part of this mission, the SheFi team conducts 8-week programs that empower professional women through a combination of live instructions, hands-on demos, networking opportunities and career support.

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**The 11th season (which concludes in August 2024) has made significant progress, with over 1,535 registrations, 1,514 live attendees at workshops and an additional 240 people attending all the classes online (as of June 30, 2024).**

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Through such partnerships, The Arbitrum Foundation is democratizing the digital economy and is on a mission to enable all participants to learn and contribute to the blockchain world equally.

**SheFi Summer Brussels Event** →



# Technical Advancements



The Arbitrum Foundation is focused on three key pillars for technical advancements:

**01** Enhancing Arbitrum's security

**02** Realizing the vision of rollup as the new server

**03** Expanding the virtual machine and the developer experience

The Foundation's efforts are focused on sponsoring external teams to work on interesting upgrades of the Arbitrum networks. If and when these upgrades get approved by the ArbitrumDAO, the upgrade is executed via the on-chain governance smart contracts for Arbitrum One and Arbitrum Nova. Additionally, all upgrades become instantly available for Arbitrum Orbit chains.

The table lists recent proposals that The Arbitrum Foundation has submitted to the ArbitrumDAO for approval. The Foundation takes this opportunity to explore how the proposals relate to the above key pillars for technical advancement.

### List of Proposals Submitted by The Arbitrum Foundation to The ArbitrumDAO as of June 30, 2024

Proposal Name	Technical Theme	Description
AIP: ArbOS Version 20 'Atlas'	ArbOS and upgrading the tech stack	Upgrade to the operating system that focused on compatibility with Ethereum's Dencun upgrade. This includes native support for EIP-4844 data blobs which substantially reduced transaction fees for all users.
AIP: Support RIP-7212 for Account Abstraction Wallets (Arb 30)	ArbOS and upgrading the tech stack	Enable secp256r1 that allows external developers to leverage passkey to manage cryptographic keys. It is in line with an upgrade that all rollups have agreed to adopt as part of the Rollup Improvement Process.
AIP: BoLD—permissionless validation for Arbitrum	ArbOS and upgrading the tech stack	Integrate the BoLD Permissionless fraud proofs into Arbitrum One and Arbitrum Nova.
AIP: Funds to bootstrap the first BoLD validator	ArbOS and upgrading the tech stack	Request funds from the ArbitrumDAO treasury to bootstrap a proposer run by The Arbitrum Foundation. Additionally, it defines a gas refund policy and reward scheme for active proposers, that will be manually run by The Arbitrum Foundation until a technical solution is implemented.
Constitutional AIP: Proposal to adopt Timeboost, a new transaction ordering policy	ArbOS and upgrading the tech stack	Modify the transaction ordering policy implemented by the Sequencer to allow MEV searchers to participate in an auction and win exclusive access to an express lane. The proposal is to reduce latency games played by MEV searchers on the Sequencer and to help return some of the profit back to the chain's revenue.
AIP: Activate Stylus and Enable Next-Gen WebAssembly Smart Contracts (ArbOS 30)	Advancing the virtual machine	Stylus is a first-of-its-kind technology which is purely additive to the EVM. It allows a WASM virtual machine to sit side-by-side and be interoperable with the EVM. Developers can implement in their preferred languages (like Rust), the smart contracts are cheaper to execute and the virtual machine can be implemented to be safer by design (like protect against reentrancy attacks by default).
The Arbitrum Expansion Program and Developer Guild	Rollup as the new server	An expansion program was introduced that enables projects to deploy an Orbit chain on Ethereum or any chain that derives security from Ethereum. In return, the new Orbit chain should return 10% of the chain's profit back to the ArbitrumDAO. Additionally, it introduces a Developer Guild that will receive a portion of the chain's net revenue to help fund independent contributors to the Arbitrum technology stack.
Temperature Check: Change Arbitrum Expansion Program to allow deployments of new Orbit chains on any blockchain	Rollup as the new server	An opportunity for the ArbitrumDAO to decide whether projects should be allowed to deploy on any blockchain and not just a chain that derives security from Ethereum.

## Enhancing Arbitrum's Security

The Arbitrum Foundation is continuously focused on upgrading the core technology stack to improve the absolute security for protecting user assets, the user experience of transacting, and enabling features that dApp developers can leverage to improve (or make possible) their products.

### EIP-4844 AND ACCOUNT ABSTRACTION WALLETS

In H1 2024, the Foundation proposed two upgrades to [ArbOS](#):

- **ArbOS 20**

In preparation for Ethereum's Decun upgrade scheduled in March 2024, the [ArbOS 20](#) upgrade focused on enabling support for [EIP-4844](#), which has dramatically reduced transaction costs on Arbitrum One and Arbitrum Nova.

- **ArbOS 30**

Focuses on enabling Account Abstraction Wallets and the EVM+ Virtual Machine with Stylus.

The former, [ArbOS 20](#), was approved by the ArbitrumDAO and it went live on Arbitrum One and Arbitrum Nova on March 14, 2024. As the chart below (Chart 4) demonstrates, the average gas price for all transactions on Arbitrum One dramatically dropped (by approximately a factor of 10) after the ArbOS upgrade and has continued to remain low.

As noted by [Blocknative](#), the Arbitrum Nitro stack was able to switch between calldata/blobs automatically based on what was cheaper for the Sequencer to post. Even during periods of immense congestion, the Sequencer remains versatile and opts for the lowest fee option that was implemented as part of this upgrade.

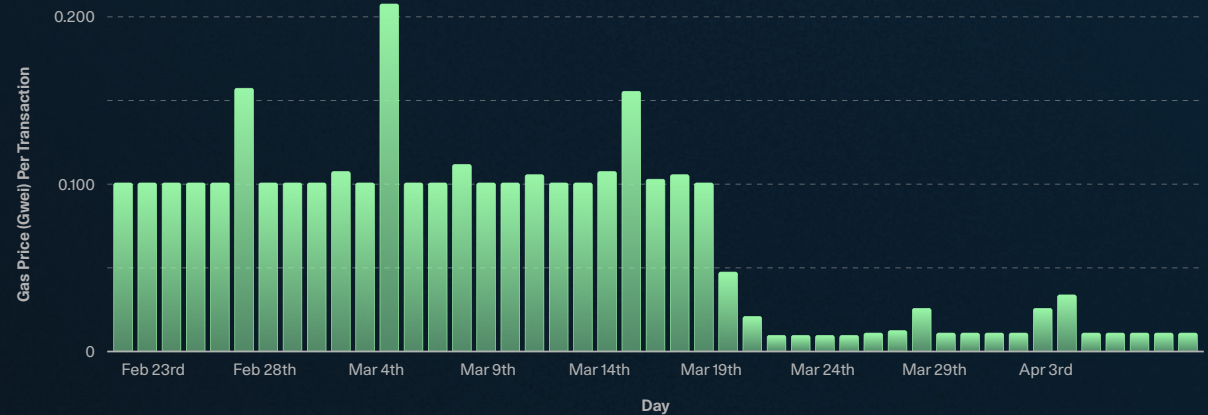
For ArbOS 30, both [RIP-7212](#) and [Stylus](#) passed temperature check votes on the Arbitrum DAO as of June 7, 2024 and are live on the Arbitrum Sepolia testnet (as on June 30, 2024), which simulates a production environment. It is expected that a Constitutional Onchain AIP for ArbOS 30 be adopted by ArbitrumDAO governed chains and posted by the DAO in Q3 2024.

Specifically, RIP-7212 is a widely accepted Rollup Improvement Proposal by Layer 2 blockchains. It enables the secp256r1 precompile, which is a popular cryptographic primitive (signature curve) in most modern hardware components like Apple's secure enclave. The primary use case is to allow users to sign transactions and authenticate via their trusted hardware devices.



The Decline in Average Gas Price For All Transactions on Arbitrum One After ArbOS Upgrade

Source: Dune



## BOUNDED LIQUIDITY DELAY (BOLD)

The Arbitrum fraud proof system has been fully functional since its launch in September 2021. However, it always required validators to be pre-approved before they can participate. The motivation for the approvals is to defend against delay attacks. This style of attack is not only costly but it allows attackers to stop the finalization of assertions for as long as they are willing to pay for the delay. The impact is that any message from Arbitrum to Ethereum, such as withdrawals, will be delayed until the attack is complete.

The current fraud-proof system on Arbitrum has always been temporary. Research on a superior protocol continues. In fact, **BoLD**, the next-generation fraud proof system, is currently undergoing a series of audits and is close to production-ready.

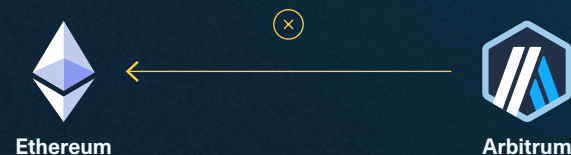
There are several reasons why it is a superior system:

- **Permissionless Validation**  
Anyone who is willing to stake can participate in this fraud proof system and defend the integrity of the Arbitrum network.
- **Fixed Delay Time**  
All challenges will be completed within a fixed time window of two challenge periods (~14 days).
- **Service Fees**  
A reward framework for the active proposer who is actively posting assertions and helping the system to progress forward.

Additionally, The Arbitrum Foundation has implemented a two-day grace period for the Security Council to step in and halt an assertion, if needed. This two-day mechanism can be removed in the future, but the Foundation prefers to take a safety-first approach until the fraud-proof system has passed the test of time and the community is confident in its security.

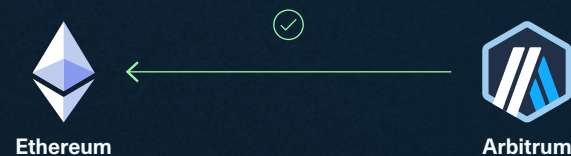
As of June 30, 2024, the ArbitrumDAO has approved a temperature check vote to activate the BoLD fraud proof system alongside two other sentiment checks. The [first vote](#) focused on the ETH bond required for The Arbitrum Foundation to bootstrap the first proposer, and the [second vote](#) focused on the budget for 3 years of onchain costs for active proposers.

### Before BOLD



**Permissioned:** Withdrawals are protected by a group of allowed validators.

### With BOLD



**Permissionless:** Anyone can validate Arbitrum, allow withdrawals, and challenge invalid claims.

## TIMEBOOST

The Sequencer provides a data feed where third parties can learn about new blocks in Arbitrum before they are posted to the validating bridge contract. The data feed is used by block explorers and node providers to serve users with up-to-date information about their pending transaction.

In 2023, it was discovered that MEV searchers connected to the Sequencer's data feed to listen, find and act upon back-running opportunities. Unfortunately, this revealed a latency game amongst MEV searchers; the first bot to receive a newly published block has an advantage over every other searcher. The optimal approach is for the MEV bot to open as many websocket connections as possible. This drove over 150,000 (at its peak) websocket connections on the Sequencer data feed.

**Timeboost is a response to the latency game played by MEV searchers. The goal is not only to reduce the significant strain placed on the Sequencer that result from latency games, but also to help searchers fully capitalize on back-running opportunities and to return some of the searcher's profits to the ArbitrumDAO. This is achieved by replacing the latency game with an auction for an express lane to submit transactions.**

The Foundation has submitted a [proposal](#) that the ArbitrumDAO enable Timeboost on the Sequencer for Arbitrum One and Arbitrum Nova. It implements a second-price auction; the auction runs every minute and it requires a minimum bid of 3 ARB or 0.001 ETH per round (in a currency approved by the DAO). The express lane will allow the MEV searcher to boost their transaction's inclusion by 200 ms ahead of all others. All successful bids from the auction are sent to the ArbitrumDAO's treasury.



## Arbitrum Orbit and Rollup As The New Server

With the new Arbitrum Expansion Program (AEP), teams can now adopt the Arbitrum technology stack, modify it according to their needs, and deploy it on their own. Rollups will become the widely deployed tech stack that allow servers to be Web3 enabled by default, evidenced by the 100 plus Orbit chains in development.

All Orbit chains are deployed on Ethereum or a chain that derives security from Ethereum. Due to several requests from prospective teams, the Foundation has followed up with a proposal to the ArbitrumDAO to ask whether projects should be allowed to deploy new Orbit chains on any blockchain network, and not just chains that derive security from Ethereum. As of publishing this report, ArbitrumDAO voted in favor to expand the AEP license to allow for deployments of new Orbit chains on any blockchain.

Finally, the Foundation has been working on a handful of initiatives that will take shape in the coming months. This includes:

- Layer Leap, which facilitates fund deposits from Ethereum directly onto an Orbit L3
- A dedicated Orbit Funding program to activate the ecosystem by funding partners, infrastructure providers and projects to build on Orbit.
- A smart contract suite (part of the Arbitrum Expansion Program) to automate the collection of the 10% fee and return it to the ArbitrumDAO and Arbitrum Developer Guild.





## Stylus: Advancing The Virtual Machine and Developer Experience

The Arbitrum Foundation supports all efforts around Stylus. As mentioned earlier in this report, Stylus is a new virtual machine and additive to the existing Arbitrum tech stack that enables interoperability between EVM and WASM-based smart contracts. It allows developers to implement a smart contract in their preferred language, like Rust, while still empowering the smart contract to interact with existing Solidity smart contracts. Most importantly, the cost to execute a smart contract in WASM will be much lower than its Solidity counterpart.

As of June 7, 2024, a snapshot vote submitted by L2Beat on behalf of The Arbitrum Foundation on ArbOS v30 (an upgrade that includes Stylus) passed with 99.9% of voters favoring its implementation and deployment to Arbitrum Sepolia, a testnet which simulates a production environment. Stylus is currently undergoing final audits and code changes, with a final onchain vote expected in Q3 of 2024.

To grow the Stylus ecosystem, the Foundation has partnered with several key players, including:

### OpenZeppelin

Building a detailed Rust library of common solidity contracts to support Stylus builders.

### Etherscan

Working to support Stylus contract verification, thereby promoting trust, transparency, safety and usability.

### Tenderly

Working to support Stylus contract testing and debugging.

# Foundation Finance and Operational Update



## Finances

As outlined in its [bylaws](#), The Arbitrum Foundation is committed to fostering ecosystem growth through strategic partnerships, building capacity to support technical improvements and actively engaging with the community.

**While supporting strategic goals and operational needs, the Foundation has maintained an operating budget in line with the estimates proposed and approved by the DAO in AIP 1.1.**

During the Foundation's first year (March 01, 2023 to February 29, 2024), operating expenditures were predominantly allocated to general and administrative costs, R&D, technical infrastructure, and marketing. The total spending for this period was consistent with the projected budget, showcasing commitment to financial discipline. Additionally, there was a significant investment in ecosystem growth, reflecting the Foundation's strategic emphasis on expanding and nurturing the ecosystem.

In its previous Transparency Report, the Foundation anticipated an increase in operating expenses as it scaled, particularly with new hires and additional funding directed towards R&D and technical infrastructure to benefit the ecosystem. This expectation has materialized,

with a noticeable uptick in spending from the first year to the first half of 2024 across all major categories. The increase in expenditures is largely due to costs incurred towards the end of 2023 and into the first half of 2024, including substantial one-time expenses related to establishing a [captive insurance policy](#) for token holders and other significant tech-related investments.

Additionally, the Foundation invested substantially in ecosystem growth during the first half of 2024, encompassing partnerships and initiatives including the Foundation's Grant program, in line with the expectations outlined in AIP 1.1. This investment is expected to continue growing as the Foundation explores further opportunities to support and enhance the ecosystem.

**Lastly, the Foundation's approach to treasury management is focused on capital preservation and liquidity to support its operations, while continuing capital deployment to execute against our mission.** The Foundation holds the majority of its liquid reserves in fiat/stablecoin and ARB. Fiat reserves are held in highly rated bank accounts across multiple jurisdictions.



Year 1 Budget (March 01, 2023 - February 29, 2024)

	Costs (\$USD)	Budget Proposed in AIP 1.1
General and Administrative	\$8,454,314	\$16,000,000
R&D	\$8,695,898	\$9,000,000
Technical Infrastructure	\$2,652,167	\$5,000,000
Events,Marketing and Communications	\$5,774,743	\$6,000,000
<b>Total</b>	<b>\$25,577,122</b>	<b>\$36,000,000</b>
<b>Ecosystem Growth</b>	<b>\$33,094,235</b>	<b>N/a*</b>

\*Note: AIP 1.1 mentioned that the Foundation would allocate an additional unspecified amount of funding towards ecosystem growth.

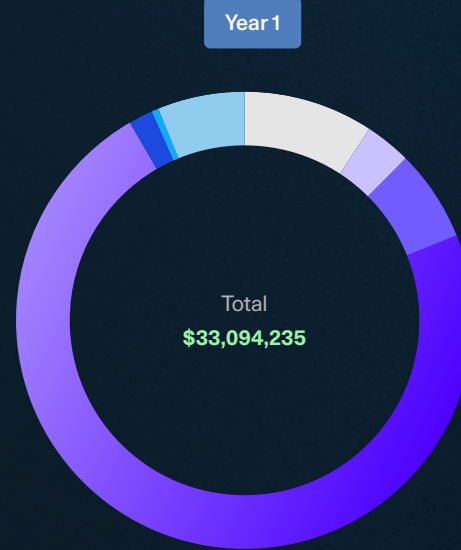
H1 2024 Costs (January 01, 2024 - June 30, 2024)

	Costs (\$USD)
General and Administrative	\$10,972,351
R&D	\$9,068,231
Technical Infrastructure	\$8,299,354
Events,Marketing and Communications	\$5,262,845
<b>Total</b>	<b>\$33,602,782</b>
<b>Ecosystem Growth</b>	<b>\$43,926,800</b>

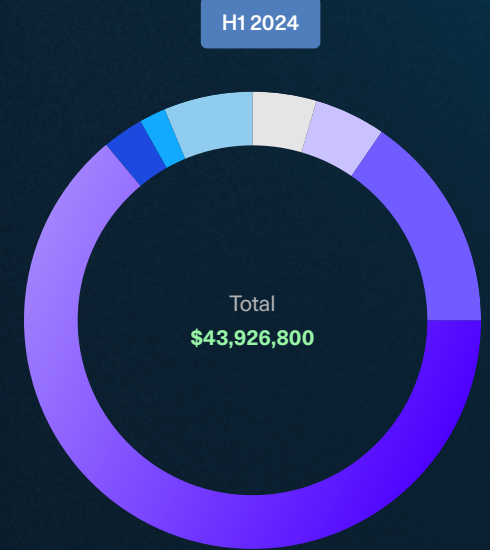
## TREASURY BREAKDOWN

	Quantity (as of June 30, 2024)	USD Value (using market price on June 30)	% of Total
ARB (Unlocked)	71,083,660	\$56,866,928	43.54%
ETH	3,016	\$10,352,383	7.93%
Fiat & Stablecoins	\$63,384,145	\$63,384,145	48.53%
<b>Total</b>		<b>\$130,603,456</b>	<b>100.00%</b>

## ECOSYSTEM GROWTH SPEND BREAKDOWN FOR YEAR 1 AND H1 2024



DeFi	<b>\$3,002,810</b> (9.1%)
Fintech	<b>\$1,106,558</b> (3.3%)
Gaming	<b>\$2,083,774</b> (6.3%)
Infra Service Providers	<b>\$24,198,203</b> (73.1%)
NFT	<b>\$552,505</b> (1.7%)
SocialFi	<b>\$141,932</b> (0.4%)
Others	<b>\$2,008,453</b> (6.1%)



DeFi	<b>\$1,985,132</b> (4.5%)
Fintech	<b>\$2,226,784</b> (5.1%)
Gaming	<b>\$6,691,353</b> (15.2%)
Infra Service Providers	<b>\$28,181,124</b> (64.2%)
NFT	<b>1,265,825</b> (2.9%)
SocialFi	<b>\$836,741</b> (1.9%)
Others	<b>\$2,739,842</b> (6.2%)

## FOOTNOTES TO FINANCES

### Reporting Period and Expense Recognition

- Year 1 costs include only expenses incurred from March 01, 2023 to February 29, 2024 and paid by February 29, 2024.
- H1 2024 costs include some expenses for activities from 2023 but paid up to June 30, 2024.

### Conversion

- For reporting purposes, expenses and disbursements incurred in ARB have been converted to USD using the ARB spot price at the time of incurrence.

### General & Administrative (G&A) Expenses

- G&A encompasses personnel, contractors, service providers, legal, insurance, and other operational costs.
- G&A expenses increased towards the end of year 1, primarily due to:
  - Hiring of full-time employees and contractors (more details under 'Personnel' section)
  - Support for Foundation's growth initiatives and operational needs
- Legal expenses represent the second-largest category within G&A, after payroll.

### Research & Development (R&D) Expenses

- Includes payments to technical and research service providers, external security audit providers and other related expenses.

### Technical Infrastructure

- Includes costs for hosting, node infrastructure providers, Security Council, and related expenses.
- In order to enable the development of technical improvements, the Foundation has also entered into several agreements for technology infrastructure and education towards the end of Year 1 and in H1 2024. This resulted in a substantial increase in costs.

### Ecosystem Growth

- Includes all disbursements toward grants programs, infrastructure service providers and strategic partnerships.
- Majority of the disbursements were in ARB and the table above reflects the USD value at the time of the disbursement. Note that the dollar value fluctuates as a function of the ARB token price.

### Treasury Breakdown

- Includes all tokens that are liquid and accessible as of June 30, 2024.



ARBITRUM

# Checks & Balances

To protect its funds and prevent fraudulent activity, The Arbitrum Foundation follows the following practices:

## Multi-Signature Wallets

01

All transactions require multiple signatures (for example, 6 signers with a minimum of 4 needed to execute a transaction) from authorized signers to approve transactions from the Foundation's wallets. This prevents a single point of failure or rogue actors from misusing funds.

## Segregation of Duties

02

Roles such as transaction initiation, transaction approval, account access are distributed among different individuals and geographies. This ensures no single party has complete control over funds.

## Whitelisting Addresses and Test Transactions

03

All addresses to which tokens are sent are whitelisted. Transactions to non-whitelisted addresses are not permitted. A test transaction is sent to any newly whitelisted address and tokens are only remitted after receipt of the test transaction is confirmed.

## Spending Limits

04

Per-transaction and daily spending limits are in place and trigger additional oversight or multi-sig requirements when exceeded.

## Background Checks

05

Background checks are conducted on all individuals with access to private keys or ability to approve transactions.

## Diversified Custodial Solutions

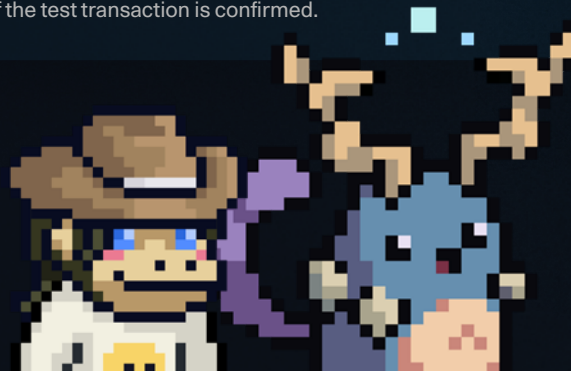
06

Tokens are distributed across different custody solutions (hot or cold wallets, third-party custodians, etc.), reducing vulnerability to specific types of attacks or failures.

## Financial Reporting and Oversight

07

Comprehensive financial reporting, compiled by a well vetted external accounting firm, is provided to the Board of Directors on a regular basis, to ensure all activities are properly accounted for and in-line with the Foundation's mission.



## Committees

From time to time, The Arbitrum Foundation's Board empowers different committees as decision makers in important matters concerned with the functioning of the Foundation. Two such committees in existence currently are the Hiring Committee and the Grants Committee.

### 01 Hiring Committee

This is a four-member committee composed of key stakeholders of the Foundation empowered by the board to make hiring decisions, in line with Board-approved and supervised plans.

### 02 Grants Committee

This is a three-member committee composed of key stakeholders of the Foundation empowered by the board to make grants decisions, in line with a Board-approved and supervised budget.

These committees also function as checks and balances in key decisions made across the Foundation. As the roles and responsibilities of the Foundation expand, more robust committees can be expected to form to ensure oversight and efficiency in decision making.

## Personnel

The Foundation has been focused on building a team capable of executing against what it views as its mission statement, as laid out in its bylaws. To keep up with the needs of a growing ecosystem, the Foundation has upsized its team from 20 full-time contributors (FTC) and several outsourced service providers at the start of the year to 31 globally distributed FTCs (as of June 30, 2024) with different capacities. Specifically, in the first half of 2024, the Foundation has focused hiring in critical areas of Finance, Marketing, DevRel, and Legal while reducing dependencies on external service providers.

The full-time Foundation Team is structured in the following buckets:

**5 FTC**

DAO and Developer Relations

**12 FTC**

Marketing and Community

**5 FTC**

Ecosystem Growth

**4 FTC**

Operations, Talent, and HR

**3 FTC**

Legal and Compliance

**2 FTC**

Finance



**31**

**Globally  
Distributed  
Full-Time  
Contributors  
(FTC)**

(as of June 30, 2024)





## Progress of the DAO



- Power over c
- No central au

The Arbitrum Foundation views itself as hands to the ArbitrumDAO's brain. This section of the report will focus on the Foundation's exclusive work in carrying out the DAO's mandate effectively (when required and requested by the DAO) while furthering its values and vision as well.

## Security Council Election for March Cohort

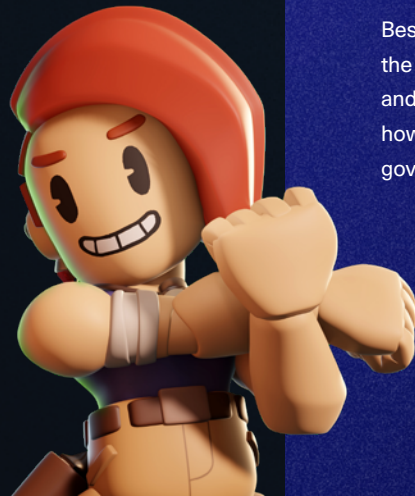
Security Council elections are a way for the DAO to periodically elect new members (and/or explicitly re-elect members) of the Security Council, ensuring that members remain aligned with the values and best interests of the DAO.

The [Security Council election process](#) for March Cohort was facilitated by The Arbitrum Foundation between March 15 and May 16, 2024.

### PRE-ELECTION IMPROVEMENTS

Before entering the election phase, The Arbitrum Foundation raised a Constitutional AIP to make minor improvements to the Security Council election process, notably:

- **Contender Submission:** Giving candidates a week to apply for a Security Council position before the Nominee Selection phase to ensure candidates are not overlooked and stand an equal chance of being nominated;
- **Key Ownership Proof:** Requiring candidates to provide a signed message from their Externally Owned Account (EOA) before running for the elections;
- **Text updates:** Reflecting these changes and other minor updates (concerning timing and quorum) in the ArbitrumDAO Constitution.



As stated in the [Constitution](#) of the ArbitrumDAO, the Security Council is a committee of 12 members who are signatories of a multi-sig wallet, which can perform emergency and non-emergency actions to uphold the ArbitrumDAO's Constitution. These members can be individuals and/or entities.

The twelve members of the Security Council are split into two groups of six, called cohorts. Every six months, the six seats in one of the cohorts are all up for election, with the target cohort alternating each election cycle.

### POST-ELECTION AWARENESS BUILDING

Besides facilitating the election process, to maximize awareness and participation in the election, the Foundation also proactively amplified the importance of the election through written summaries and easy-to-digest content across social platforms about the Security Council, [the election process](#), how to apply, and [factors to consider](#) when evaluating candidates; and organized multiple AMAs, governance calls and X Spaces with the community, candidates and qualifying nominees.

## THE ELECTION PROCESS

The following is a more detailed overview of the phases of the Security Council Election:

- **Call for Candidates:** For the Arbitrum community to familiarize themselves with the Security Council and its election process, and for those intending to apply to inform the community of their intentions.
- **Contender Submission:** For anyone (not already a member of September Cohort from the Arbitrum community) to register as a candidate for a Security Council position.
  - 44 candidates applied in total.
- **Nominee Selection:** For delegates to nominate their preferred candidate(s). Each eligible candidate needs to be supported by pledged votes representing at least 0.2% of all votable tokens, to become a nominee and progress to the next phase.
  - As part of its duty to ensure that candidates comply with rules dictated by the ArbitrumDAO Constitution, The Arbitrum Foundation [disqualified 2 candidates](#) due to conflict of interest on the ground of 'affiliations with direct Arbitrum Competitors' as stated in [Section 4](#) of the Constitution.
  - 22 out of 44 candidates received enough support to become nominees
- **Compliance Check:** For the Foundation to check that eligible nominees comply with the legal requirements, service agreements, and additional rules dictated by the Constitution.
- **Member Election:** For delegates to vote on their preferred nominee(s), with voting power linearly decaying if not cast within the first seven days.
- **Grace Period:** For Arbitrum users to withdraw their funds if they so chose before the election results are effectuated, and for the election results to propagate to the Security Council contracts across all relevant chains, after which the six elected members replace the six members in the outgoing cohort, completing the election process.

On May 3, the following six new members of the Security Council were elected for March Cohort: Bartek.eth, Zellic, Yoav.eth, Fred, Certora, and OpenZeppelin.

As of June 30, the following individuals are members of the Security Council:

### September Cohort (As of June 30, 2024)



Oxhombre



Matt Fiebach



Harry Kalodner



Patrick McCorry



John Morrow



Omer

### March Cohort (As of June 30, 2024)



Bartek Kiepuszewski



Zellic



Yoav Weiss



Fred



Certora



OpenZeppelin

## GovHack Brussels

Similar to the GovHack in ETHDenver, the ArbitrumDAO [voted](#) to fund GovHack Brussels with \$309,000 from the DAO treasury. GovHack Brussels was hosted by Hack Humanity with assistance from the DAO as a 3-day event on the days immediately prior to the start of the EthCC conference. The goal of the bootcamp was the same as that of GovHack ETHDenver – to build trust among key contributors, ideate new proposals and attract new talent at the DAO.

On the implementation front, GovHack Brussels, improves on the GovHack ETHDenver process with an additional prize pool, the introduction of a subsidy pool for high-value contributors, running a proper community showcase day, and adding a dedicated afterparty. The DAO participated in a mapathon process with 10 key tracks of focus identified for GovHack. The bootcamp saw more than 110 participants with 27 teams making proposals from 185 teams that signed up.

**10**  
Key Tracks

**200+**  
Participants

**27**  
Teams

**25**  
Proposals Submitted

5 Finalists with  
**\$20,000**  
Prize Pool



## GovHack ETHDenver

As briefly mentioned earlier, The Arbitrum Foundation and Hack Humanity co-hosted a 3-day Governance Bootcamp and Open Community showcase, termed [GovHack](#) during the week prior to ETHDenver, in February 2024. The overarching objective of GovHack was to bring together delegates, DAO contributors, and projects/teams building on Arbitrum in real life. The aim was to build camaraderie between them, hash out actionable insights, and collectively refine objectives that will help achieve the shared mission.

**10**  
Key Tracks

**200+**  
Participants

**23**  
Teams

**23**  
Proposals Submitted

5 Finalists with  
**\$15,000**  
Prize Pool

### GOVERNANCE BOOTCAMP

The first two days of the three-day bootcamp was focused on providing a hackathon-like experience for non-technical and technical people to make progress on proposals, key ideas, and workstreams by giving builders live access to crucial DAO members with the high context knowledge, relationships, decision-making power, and resources needed.

#### Arbitrum Community Open Day

The third day enabled the opportunity to network with the wider Arbitrum community, which comprises community members, builders, ecosystem projects, and core developers.



## BOOTSTRAPPING GOVERNANCE ADVISORS

The Foundation extended a grant to Entropy Advisors, a governance-focused team with ample experience in DAO dynamics and operations to formulate solutions and proposals to address these key areas of improvements.

The motivation for this grant was based on several conversations with key contributors, delegates, and projects in the DAO. All discussions brought up the following key areas for improvements that the DAO could work on include (non-exhaustive):

- **Supporting Proposal Lifecycle**  
Up-leveling the end-to-end AIP process, from drafting to executing on DAO-approved proposals.
- **Improving Cross-team Communication**  
Having a common liaison that can coordinate communications across key stakeholders in the DAO (delegates, working groups, grant programs, The Arbitrum Foundation).
- **Attracting Talent**  
Continuously attracting more talents and expanding the current DAO contributor pool.
- **Ensuring DAO's Sustainability & Growth**  
Optimizing for long-term sustainability of the DAO Treasury and maximum growth of the Arbitrum ecosystem.

Entropy Advisors is focused on alleviating the above problems and to date they have completed the following:

- Worked with r3gen Finance to create a proposal that reduces DAO OpEx on multi-sig signers, by establishing the Multisig Support Service which could potentially save the DAO almost \$400,000 annually.
- Conducted research and created a proposal on increasing the DAO's sequencer margin via the transaction fee mechanism.
- Worked alongside HackHumanity on planning and execution of GovHack Brussels amidst tight timelines.
- Introduced a governance calendar to allow for better predictability in DAO operations.
- Held bi-weekly syncs with key stakeholders within the DAO to ensure that all parties are aligned.

## SUPPORT FOR GRANTSDAO

The Arbitrum Foundation allocated \$250,000 to support the community with establishing alternative frameworks for future grant programs approved by the ArbitrumDAO and create a pathway for the creation of multiple GrantsDAO, which can be governed directly by the ArbitrumDAO and operate independently of The Arbitrum Foundation.

Recently Plurality Labs and Thrive received a grant of \$30,000 after an on-chain vote to help set up the Thrive Foundation.

Since the launch of the program, the Foundation has received interest from multiple grant allocators. The Foundation will continue to work with applicants to support their legal and operational costs once there is approval from the DAO.

## OPERATIONALIZING ADPC'S SUBSIDY FUND FOR SECURITY SERVICES

With the DAO's approval on establishing a Subsidy Fund for security services, the Foundation has supported the ArbitrumDAO Procurement Committee (ADPC), the working group that will be administering the subsidy program, by conducting the following tasks:

- Facilitated due diligence via Know-Your-Business (KYB) verification processes for applicants prior to receiving the service-subsidy and documentation,
- Helped draft the subsidy agreement for the applicants and service providers;
- Setup the multisig that received that USD 2.5 million worth of ARB, and converted the ARB to stablecoins via OTC to subsidize security-related costs from whitelisted service providers, as approved by the ArbitrumDAO.

## CAPTIVE INSURANCE PRODUCT FOR THE ARBITRUMDAO

→ **The Arbitrum Foundation is the first DAO Foundation to announce availability of insurance coverage for token holders. At present, the REBA Solution utilized by the Foundation to provide this coverage is only available to DAOs that have access to a legal entity. This insurance coverage reflects the Foundation's commitment to DAO token holders. By providing the same type of protections that are available to directors and officers of traditional organizations, it de-risks participation in DAO governance.**

The Arbitrum Foundation has obtained insurance coverage for ARB token holders for certain claims (including defense costs) made in respect of their engagement in DAO governance activities, including participation in any collective decision making that:

- Directs the activities of the DAO, the Foundation, or the Security Council;
- Effects the operation of Governed Chains; and/or
- Otherwise relates to the exercise of the rights or powers accorded to holders of ARB Tokens.

This coverage was obtained through a new insurance solution (the REBA Solution) focused on providing coverage for DAOs and other crypto native organizations that have, to this point, been unable to access coverage in the traditional insurance market. This solution utilizes a corporate structure and the insurance provides for worldwide coverage to DAO token holders who engage in the governance activities described above, as well as Foundation directors and Security Council.



## OPERATIONALIZING THE GAMING CATALYST PROGRAM (GCP)

The DAO approved and earmarked 225 million ARB to fund a 3-year Gaming Catalyst Program. The Arbitrum Foundation was entrusted to help operationalise the proposal through:

- Establishing a new DAO-governed entity that will enable the GCP team to execute on their proposal while upholding transparency and accountability to the DAO.
- Working with the GCP team and the transparency council to design the role and powers of an oversight board alongside running elections to appoint the initial members.
- Custodying the 225 million ARB until the GCP program is established and operational.

## OPERATIONALIZING THE STEP INITIATIVE FOR TREASURY DIVERSIFICATION & YIELD

The DAO approved a proposal to diversify 35 million ARB into real world assets backed by treasury bills. The Arbitrum Foundation is expected to interface with the DAO-appointed service providers to help operationalise the proposal. Some tasks include:

- Perform compliance-related activities on service providers who will receive any allocated funds,
- Manage any tokens (or NFTs) that represent the investments in the US treasuries alongside the authority to withdraw the assets from the service provider if any risks are discovered,
- Periodically sweep interest earned from these assets,
- Conduct fire drills periodically to test solvency for provider redemption timeliness.

## TRACKING MISUSE OF DAO FUNDS FROM THE SHORT-TERM INCENTIVE PROGRAM (STIP)

The Foundation has reviewed the STIP Analysis (ARDC Research Deliverables) prepared by Blockworks and observed that certain protocols that applied for the STIP Bridge have misused (and/or retained leftover amounts) their STIP and Backfund STIP grants. Based on the preliminary reports it appears that there are two types of projects:

1. Where there has been a clear misuse of grants, and/or there are leftover amounts.
2. Where potentially, depending on the intent of their grant program and some ambiguity in the STIP requirements, the project either fully or partially misused grants and/or has retained leftover amounts. The Foundation has, and still is, following up with projects that fall into the above categories and is seeking for the funds to be returned.

As of June 30, 2024, the Foundation continues to follow with projects that fall into the above categories and is seeking for the funds to be returned. As of the writing of this report, nearly all projects that we have followed up with, have returned funds back to the ArbitrumDAO's treasury.

More information on these initiatives and DAO grant programs can be found in the appendix below:



# Appendix





## Notable Onchain AIPs Since January 2024

AIP	Overview	DAO Spend	Author   Proposer	Foundation's Involvement
<a href="#">Establish the Arbitrum Research &amp; Development Aent Collective (ARDC)</a>	<p>This proposal aims to fund the Arbitrum Research &amp; Development Collective. The goal is to help turn ArbitrumDAO members' ideas into reality. The appointed members will have a mandate for six months.</p> <p>The ARDC's role in reviewing and enhancing governance proposals, conducting code reviews for security, providing quantitative analysis for economic risk, and fostering active delegate engagement will contribute significantly to the growth and success of the Arbitrum ecosystem. It will provide valuable tools and reports for proposal authors, helping them refine their ideas and make better-informed decisions.</p>	1,761,000	ImmutableLawyer   Frisson	<p>Ensure that all recipients of DAO treasury funds for this proposal go through the necessary KYC/KYB and compliance, and ensure feasibility of and adherence to the proposal's implementation and execution.</p> <ul style="list-style-type: none"> <li>• Research member</li> <li>• DAOadvocate</li> <li>• Security member</li> <li>• Multi-sig signers</li> <li>• Risk member</li> </ul>
<a href="#">Experimental Delegates Incentive System</a>	<p>This proposal introduces an Experimental Incentive System aimed at the ArbitrumDAO delegates with a duration of six months.</p> <p>The goal is to assess the impact of the incentives on the delegates' active participation and involvement in the DAO's governance.</p> <p>The Karma dashboard enhances the incentive system administrator's efficiency and provides transparency to the Arbitrum community with regards to delegate participation scores.</p>	1,580,000	Cattin - SEEDLatam   Cattin - SEEDLatam	<p>Ensure that all recipients of DAO treasury funds for this proposal go through the necessary KYC/KYB and compliance, and ensure feasibility of and adherence to the proposal's implementation and execution.</p> <ul style="list-style-type: none"> <li>• Incentives system administrator</li> <li>• Eligible delegates by month</li> <li>• Service providers (KarmaHQ)</li> <li>• Multi-sig signers</li> </ul>
<a href="#">Establish the ArbitrumDAO Procurement Committee (ADPC)</a>	<p>The ArbitrumDAO Procurement Committee (ADPC) is tasked with facilitating and administering various procurement frameworks within the Arbitrum Ecosystem, creating new procurement frameworks for DAO ratification and creating a proposal for security-service subsidies.</p> <p>The ADPC will play a pivotal role in achieving further organization within the ArbitrumDAO. The mandate of the ADPC aims to create an optimal organizational framework for service procurement while also creating a marketplace for service providers that would have gone through preemptive quality assurance.</p>	200,000	ImmutableLawyer   Frisson	<p>Ensure that all recipients of DAO treasury funds for this proposal go through the necessary KYC/KYB and compliance, and ensure feasibility of and adherence to the proposal's implementation and execution.</p> <ul style="list-style-type: none"> <li>• 3 appointed members of the ADPC</li> <li>• Multi-sig signers</li> </ul>

## Notable Onchain AIPs Since January 2024 Continued

AIP	Overview	DAO Spend	Author   Proposer	Foundation's Involvement
<a href="#">Long Term Incentives Pilot Program (LTIPP)</a>	<p>This AIP establishes a Long-term Term Incentives Pilot Program for the DAO to test new incentive designs and answer the necessary questions to ensure the Foundation is ready to commit to the long-term program.</p> <p>This Pilot Program will distribute a maximum of 45 million ARB to protocols building on Arbitrum that were not funded during STIP or the Backfund. The program will distribute ARB to protocols for 12 weeks.</p>	45,735,000	Matt (StableLab)   Frisson	<p>Ensure that all recipients of DAO treasury funds for this proposal go through the necessary KYC/KYB and compliance, and ensure feasibility of and adherence to the proposal's implementation and execution.</p> <ul style="list-style-type: none"> <li>• Application advisors</li> <li>• Council members</li> <li>• Authors of proposal</li> <li>• Program manager</li> <li>• Data analytics Provider</li> <li>• Multi-sig signers</li> <li>• 86 grant recipients</li> </ul>
<a href="#">Changes to the Constitution and the Security Council Election Process</a>	<p>This Constitutional AIP proposes improvements to the ArbitrumDAO Constitution and the Security Council election process, which include:</p> <ol style="list-style-type: none"> <li>1. Candidates are given a week to apply for a Security Council position before the nominee selection stage takes place.</li> <li>2. Candidates need to sign a transaction from their EOA (Externally Owned Account) to apply for a Security Council position.</li> <li>3. The ArbitrumDAO Constitution is updated to reflect these changes as well as correct previous mistakes in wording with regard to timing and quorum.</li> </ol>	0	The Arbitrum Foundation   DK (Premia)	<p>Engaged with a service provider to build and create the pull request updating the Security Council Elections contracts to:</p> <ol style="list-style-type: none"> <li>1. Include a seven-day 'Contender Submission' stage before the 'Nominee Selection' stage, which subsequently increased the duration of the entire election process from 42 days to 49 days.</li> <li>2. Only allow contenders to add themselves by signature, ensuring they are an EOA that can sign on all chains.</li> <li>3. Updated ArbitrumDAO Constitution to correctly reflect how quorum for proposals (as well as the election process) is handled, which should also take into account 'abstain' votes, and reflect the new format of the Security Council elections.</li> </ol> <p>Code changes: <a href="https://github.com/ArbitrumFoundation/governance/pull/231">https://github.com/ArbitrumFoundation/governance/pull/231</a> and <a href="https://github.com/ArbitrumFoundation/docs/pull/731">https://github.com/ArbitrumFoundation/docs/pull/731</a></p> <p>The Governance Action contract was deployed and is available for review in <a href="#">NomineeGovernorV2UpgradeAction   Address 0xd9a2e0e5d7509f0bfb2d33884f8c1b4d4490879   Arbiscan 9</a></p>

## Notable Onchain AIPs Since January 2024 Continued

AIP	Overview	DAO Spend	Author   Proposer	Foundation's Involvement
<a href="#">ArbOS 20 'Atlas'— Arbitrum Support for Dencun + Batch Poster Improvements</a>	<p>This AIP proposes a number of improvements to Arbitrum chains, including the capability to leverage EIP-4844 to post batches of Layer 2 transactions as blobs on Layer 1 Ethereum at a cheaper price. The proposal also includes support for most of the changes included in Ethereum's Dencun upgrade and two improvements to batch posting for Arbitrum One and Nova. The proposed ArbOS 20 'Atlas' upgrade can be adopted by any Arbitrum chain; this proposal concerns the Arbitrum One and Nova chains, as they are governed by the Arbitrum DAO. On a high level, an ArbOS upgrade can be seen as Arbitrum's equivalent of a hard fork (more about the subject in Arbitrum ArbOs upgrades).</p> <p>This AIP combines the following two temperature checks:</p> <ol style="list-style-type: none"> <li>1. AIP: ArbOS Version 20 'Atlas' and AIP: Batch poster manager and</li> <li>2. Sequencer inbox Finality fix—both of which have passed.</li> </ol>	0	The Arbitrum Foundation   Frisson	<p>Worked on ArbOS v20 'Atlas' upgrade pull request, which included:</p> <ol style="list-style-type: none"> <li>1. Posting batches of transactions as blobs to Layer 1 Ethereum (EIP-4844)</li> <li>2. Enabling partial support for Dencun execution layer, and</li> <li>3. A fix on the Batch Poster Manager and Sequencer Inbox Finality</li> </ol> <p>The Action smart contracts used to execute the on-chain upgrade can be viewed in <a href="https://github.com/ArbitrumFoundation/governance/pull/244">https://github.com/ArbitrumFoundation/governance/pull/244</a>.</p>
<a href="#">Proposal to fund Plurality Labs Milestone 1B(ridge)</a>	<p>This proposal builds on the initial proposal from Plurality Labs (Thrive Protocol) in requesting funding for an additional 6 months to complete Milestone 1B.</p> <p>The total cost and timeframe are the same as the first proposal: 3.36 million ARB and 6 months, with 336,000 ARB to Plurality Labs and 224,000 ARB to program management, as in the first proposal.</p>	2,850,000	DisruptionJoe   DK (Premia)	<p>Ensure that all recipients of DAO treasury funds for this proposal go through the necessary KYC/KYB and compliance, and ensure feasibility of and adherence to the proposal's implementation and execution.</p> <ul style="list-style-type: none"> <li>* Multi-sig signers</li> <li>* Grantees</li> </ul>

## Notable Onchain AIPs Since January 2024 Continued

AIP	Overview	DAO Spend	Author   Proposer	Foundation's Involvement
<a href="#">Arbitrum Stable Treasury Endowment Program</a>	<p>This proposal aims to support the budding RWA ecosystem on Arbitrum by diversifying 35 million ARB from the treasury into assets that are stable in value with minimal volatility, liquid in conversion and provide yield uncorrelated to crypto markets that is at least commensurate with the so called 'risk free rate of return' of US Treasuries (hereby called 'stable RWAs').</p> <p>This proposal is a trial run for a larger investment policy of the ArbitrumDAO treasury. It provides a process to create a legal and infrastructural pipeline for future diversification proposals. Additionally, it is a proof of concept that the Foundation can diversify our treasury in a way that supports ecosystem growth.</p>	35,300,000	Treasury Working Group   L2Beat	<p>Ensure that all recipients of DAO treasury funds for this proposal go through the necessary KYC/KYB and compliance, and ensure feasibility of and adherence to the proposal's implementation and execution.</p> <ul style="list-style-type: none"> <li>• Treasury Working Group</li> <li>• Screening Committee</li> <li>• Applicants to STEP program</li> </ul> <p>The Foundation also acts as the legal entity and interfaces with the service providers in operationalizing this proposal. Operational support includes:</p> <ul style="list-style-type: none"> <li>• Hold any tokens/NFTs received in exchange of investments and have authority to withdraw assets from the service provider should any risks be discovered.</li> <li>• Periodically sweep interest earned from these assets to the DAO treasury.</li> <li>• Conduct fire drills periodically to test solvency and clear out any AML delays in returning investments.</li> </ul>
<a href="#">Empowering early contributors: The community Arbiter Proposal 2.0</a>	<p>This followup proposal (<a href="#">previous failed proposal</a>) outlines an allocation of 125,000 ARB tokens, equal to 0.00125% of the total supply, to recognize and reward the outstanding contributions of the Arbitrum community members known as 'Arbiters'.</p> <p>The Arbiters received the 'arbiter' community role on Arbitrum Discord after having made significant contributions to Arbitrum, as recognized by members of the Arbitrum team.</p>	125,000	MysteryMen   Frisson	<p>Ensure that all recipients of DAO treasury funds for this proposal go through the necessary KYC/KYB and compliance, and ensure feasibility of and adherence to the proposal's implementation and execution.</p> <ul style="list-style-type: none"> <li>• 24 Arbiters</li> </ul>

## Notable Onchain AIPs Since January 2024 Continued

AIP	Overview	DAO Spend	Author   Proposer	Foundation's Involvement
<a href="#">Expand Tally Support for the Arbitrum DAO</a>	<p>Tally proposes to expand their support for the ArbitrumDAO by improving the proposal process, upgrading the governor contracts, and highlighting delegate contributions.</p> <p>They also propose to ensure that the DAO is set up for success by researching specifications for partial delegation and shielded voting.</p>	129,980	Frisson   Frisson	<p>Ensure that all recipients of DAO treasury funds for this proposal go through the necessary KYC/KYB and compliance, and ensure feasibility of and adherence to the proposal's implementation and execution.</p> <ul style="list-style-type: none"> <li>• Tally</li> <li>• Karma</li> <li>• ScopeLift</li> </ul>
<a href="#">Request for Continuation of the Arbitrum DDA Program Request</a>	<p>Questbook proposes to start a new program for the Arbitrum Grants via DDA through Questbook with a budget of \$4,000,000 spread across four domains over the next two quarters.</p> <p>They have received feedback and support from the community, builders, and domain allocators for requesting additional budget and continue funding projects through the delegated domain allocation model.</p>	3,300,000	Questbook   Cattin	<p>Ensure that all recipients of DAO treasury funds for this proposal go through the necessary KYC/KYB and compliance, and ensure feasibility of and adherence to the proposal's implementation and execution.</p> <ul style="list-style-type: none"> <li>• Questbook (Grant manager)</li> </ul>
<a href="#">Double-Down on STIP Successes (STIP-Bridge)</a>	<p>This proposal introduces the STIP Bridge, aiming to sustain and enhance Arbitrum's market leadership by extending support to key protocols amidst intense competition from other Layer 2 solutions.</p> <p>It serves as a strategic interim solution, maintaining incentive alignment and ensuring continuous engagement of vital projects within the Arbitrum ecosystem until the Perpetual Incentives Program is initiated.</p>	37,600,000	Savvy   L2Beat	<p>Ensure that all recipients of DAO treasury funds for this proposal go through the necessary KYC/KYB and compliance, and ensure feasibility of and adherence to the proposal's implementation and execution.</p> <ul style="list-style-type: none"> <li>• Application Advisors</li> <li>• Multi-sig signers</li> <li>• Program manager</li> <li>• Data analytics provider</li> <li>• 39 grant recipients</li> </ul> <p>Additionally, ensure that any projects from STIP or STIP Backfund that have misused and/or have excess funds from these previous incentive programs, return these funds to the DAO.</p>

## Notable Onchain AIPs Since January 2024 Continued

AIP	Overview	DAO Spend	Author   Proposer	Foundation's Involvement
<a href="#">GovHack ETHCC</a>	<p>Hack Humanity is seeking \$309,000 of funding from the ArbitrumDAO to host an event and after-party coinciding with ETHCC in Brussels, Belgium.</p> <p>Arbitrum GovHack Brussels will take place as a three-day event on July 5, 6, and 7, the days directly prior to the start of the conference.</p>	358,870	Entropy Labs   Coinflip	<p>Work closely with the Hack Humanity team on items like scoping out the flow of the hackathon, the tracks that teams would work on, getting key stakeholder buy-ins.</p> <p>Ensure that all recipients of DAO treasury funds for this proposal go through the necessary KYC/KYB and compliance, and ensure feasibility of and adherence to the proposal's implementation and execution.</p> <ul style="list-style-type: none"> <li>• Hack Humanity (GovHack organizer)</li> <li>• Multi-sig signers</li> </ul>
<a href="#">Grant Request—Curve Finance</a>	This proposal outlines support for a standalone grant application by LlamaRisk on behalf of and to support the growth of Curve Finance on Arbitrum.	237,500	Michael Egorov   Coinflipcanada	<p>Ensure that all recipients of DAO treasury funds for this proposal go through the necessary KYC/KYB and compliance, and ensure feasibility of and adherence to the proposal's implementation and execution.</p> <ul style="list-style-type: none"> <li>• Curve DAO multi-sig</li> </ul>
<a href="#">Front-end interface to force transaction inclusion during sequencer downtime</a>	This proposal outlines the development of a simple but effective front-end interface that enables users to force-include transactions directly on Layer 1 when the Arbitrum Sequencer is down, aiming to increase trust among end-users navigating the Arbitrum ecosystem.	42,500	WakeUp Labs   Frisson	<p>Ensure that all recipients of DAO treasury funds for this proposal go through the necessary KYC/KYB and compliance, and ensure feasibility of and adherence to the proposal's implementation and execution.</p> <ul style="list-style-type: none"> <li>• WakeUp Labs</li> </ul>
<a href="#">Pilot Phase: M&amp;A for Arbitrum DAO</a>	<p>The eight-week M&amp;A pilot phase proposal is the next step toward the Arbitrum M&amp;A proposal outlining the opportunity for Arbitrum DAO to form an M&amp;A Unit focused on identifying and executing on acquisition opportunities.</p> <p>The overarching aim is to utilize M&amp;A as a key growth driver for the Arbitrum ecosystem and to help the DAO expand non-organically through acquisition opportunities that are not accessible to competing ecosystems, thereby critically enhancing Arbitrum DAO's capital allocation methods.</p>	52,000	Areta   Frisson	<p>Ensure that all recipients of DAO treasury funds for this proposal go through the necessary KYC/KYB and compliance, and ensure feasibility of and adherence to the proposal's implementation and execution.</p> <ul style="list-style-type: none"> <li>• Areta</li> <li>• Multi-sig signers</li> </ul>

## Notable Onchain AIPs Since January 2024 Continued

AIP	Overview	DAO Spend	Author   Proposer	Foundation's Involvement
<a href="#">Catalyze Gaming Ecosystem Growth on Arbitrum</a>	<p>This proposal looks to earmark 200 million ARB over a three-year period to expand the gaming ecosystem on Arbitrum and establish the network as the top choice for game builders across the landscape.</p> <p>The Gaming Catalyst Program (GCP) is meant to serve as a catalyst, not a comprehensive program, with a focus around onboarding and supporting high quality builders. After the rollout of the GCP, the aim is to use its learnings to mature the organization into a longer-term gaming program with a comprehensive approach to game ecosystem growth.</p>	225,000,000	Djinn   Coinflipcanada	<p>Ensure that all recipients of DAO treasury funds for this proposal go through the necessary KYC/KYB and compliance, and ensure feasibility of and adherence to the proposal's implementation and execution.</p> <ul style="list-style-type: none"> <li>• Authors</li> <li>• GCP contributors</li> </ul> <p>The Foundation worked closely with the GCP core team on entity setup structures to ensure DAO transparency while following the rigorous compliance guidelines that surround any entity focused on investments. This effort also involves DAO members who have formed a transparency committee to follow the process of setting up the GCP.</p> <p>The Foundation also manages the multi-sig that holds the 225 million ARB in custody. ARB will be converted to USD or USDC by the Foundation before each quarter and sent to the GCP program account or multi-sig for disbursement.</p>
<a href="#">Security Council Improvement Proposal</a>	<p>This proposal outlines changes to the structure of the Security Council so Arbitrum can maintain the 'Stage 1' designation as per L2Beat and not fall back to 'Stage 0' designation, by increasing the threshold of the non-emergency Security Council to 9/12.</p>	0	L2Beat   L2Beat	<p>Ensured that the pull request to make these changes were audited.</p>
<a href="#">ArbitrumDAO Contribution; Safeguarding Software Developers' Rights</a>	<p>This proposal outlines a monetary contribution to Defi Education Fund (DEF) and Coin Center from the ArbitrumDAO to continue their policy, litigation, and advocacy efforts in relation to open-source software and software developers' rights.</p>	1,000,000	ImmutableLawyer   Frisson	<p>Ensure that all recipients of DAO treasury funds for this proposal go through the necessary KYC/KYB and compliance, and ensure feasibility of and adherence to the proposal's implementation and execution.</p> <ul style="list-style-type: none"> <li>• Coin Center</li> <li>• Defi Education Fund</li> </ul>

## Notable Onchain AIPs Since January 2024 Continued

AIP	Overview	DAO Spend	Author   Proposer	Foundation's Involvement
<a href="#">Kwenta x Perennial: Arbitrum Onboarding Incentives</a>	<p>This joint proposal by Kwenta and Perennial Finance requests 1.9 million ARB to fund targeted onboarding incentives, aiming to bring Kwenta users to Arbitrum.</p> <p>This proposal seeks a one-off grant due to its unique potential impact, aiming to onboard significant new capital and users to Arbitrum by leveraging Kwenta's existing user base and Perennial's infrastructure. The proposed incentive mechanisms and detailed execution strategy aim to maximize user onboarding and retention, ensuring long-term benefits for the Arbitrum ecosystem.</p>	1,900,000	Perennial, Kwenta   Frisson	<p>Ensure that all recipients of DAO treasury funds for this proposal go through the necessary KYC/KYB and compliance, and ensure feasibility of and adherence to the proposal's implementation and execution.</p> <ul style="list-style-type: none"> <li>• Kwenta treasury DAO multi-sig</li> </ul>
<b>Total outflows from the DAO Treasury for 1H'24</b>		<b>357,171,850</b>		



## DAO GRANT PROGRAMS

In the first half of the year, the ArbitrumDAO approved the conception or continuation of the following grant and incentive programs:

### Stable Treasury Endowment Program (STEP)

01

Duration: June 12, 2024 - June 12, 2025

Grant/Incentive Amount: 35,000,000 ARB

Grant/Incentive amount spent by July 1, 2024: 0 ARB

Stakeholders: 6 committee members, 1 program manager,  
6 RWA service providers

### Long-Term Incentive Pilot Program (LTIPP)

02

Duration: June 3, 2024 - September 3, 2024

Grant/Incentive Amount: 33,499,389 ARB

Grant/Incentive amount spent by July 1, 2024: 29,754,389 ARB

Stakeholders: 3/5 multi-sig signers, 5 council members,  
3 application advisors, 86 grantees

### Short-Term Incentive Program (STIP) Bridge

03

Duration: June 17, 2024 - September 16, 2024

Grant/Incentive Amount: 27,636,022 ARB

Grant/Incentive amount spent by July 1, 2024: 26,216,022 ARB

Stakeholders: 3/5 multi-sig signers, 3 application advisors,  
1 program manager, 1 data analytics provider, 38 grantees

### Plurality Labs Milestone 1B(ridge)

04

Duration: March 27, 2024 - September 27, 2024

Grant/Incentive Amount: 2,800,000 ARB

Grant/Incentive amount spent by July 1, 2024: 0

Stakeholders: 4/6 multi-sig signers, 7 advisors, 5 program managers,  
8 sub-grant programs, 8 firestarter programs

### Delegated Domain Allocation 2.0 Model by Questbook

05

Duration: May 1, 2024 - November 1, 2024

Grant/Incentive Amount: 3,041,779 ARB\*

Grant/Incentive amount spent by July 1, 2024: 109,547 ARB\*

Stakeholders: 3/5 multi-sig signers, 1 program manager,  
4 domain allocators, 4 domains, 57 grantees

### Gaming Catalyst Program (GCP)

06

Duration: June 7, 2024 - June 7, 2027

Grant/Incentive Amount: 200,000,000 ARB

Grant/Incentive amount spent by July 1, 2024: 0

Stakeholders: 3/5 multi-sig signers, 5 council members,  
10 team members

### Delegate Incentive Program

07

Duration: March 1, 2024 - September 1, 2024

Grant/Incentive Amount: 1,500,000 ARB

Grant/Incentive amount spent by July 1, 2024: 302,693 ARB

Stakeholders: 3/5 multi-sig signers, 1 program manager,  
1 data analytics provider, 34 grantees

*\*The Questbook program converted its ARB to stablecoins upon receiving its funds. Accordingly, the ARB figures stated are based on the USD:ARB exchange rate on the date of the conversion.*



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