

ETC Cooperative

# Q3 2021 Board Report

(+ October update)

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November 18, 2021



[etccooperative.org](https://etccooperative.org)



# Sections

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# Overview



Staffing changes



Infrastructure

- › Ethercluster, BlockScout, CloudFlare
- › Switch to Rivet
- › ETC Node Explorers



Protocol

- › Magneto hard-fork activation
- › Mystique hard-fork preparation
- › Treasury Progress



Comms and Marketing

- › Adoption: The Back on the Road to ETC 2.0
- › Comms Metrics and KPIs



## General Staffing Changes

- › Diego López León joined the ETC Cooperative at the end of August.
- › Diego is a very experienced Java developer who has been working as a blockchain core developer since 2017, first as part of Rootstock (both Bitcoin and Ethereum protocol work) and more recently as part of the Inter-American Development Bank's blockchain group, where he was developing solutions using Hyperledger Besu and other clients/protocols.
- › Diego will be focusing on Hyperledger Besu development, along with other general software engineering and infrastructure work for the Coop.

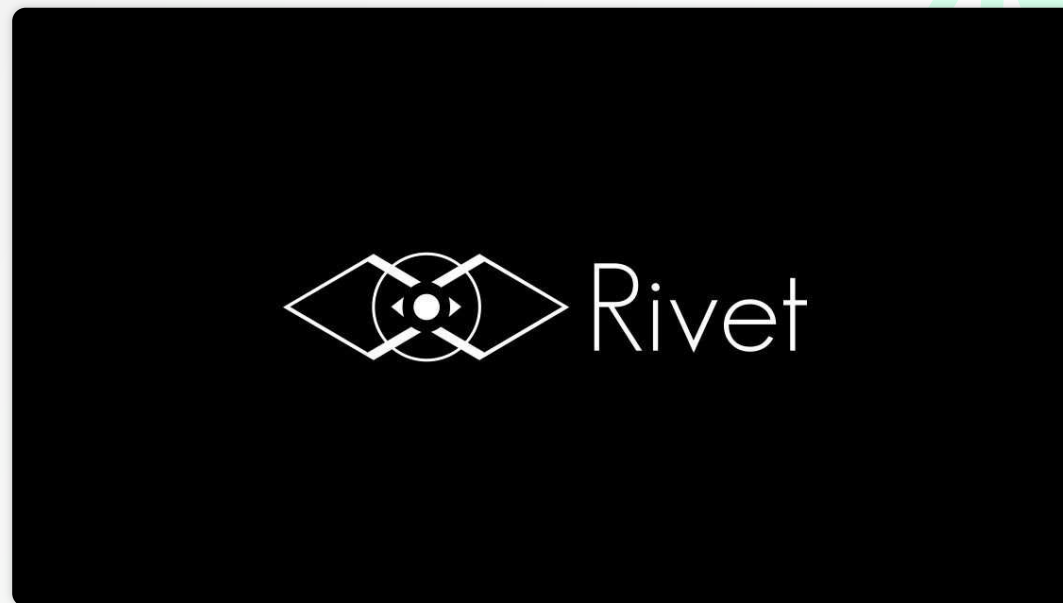


## Ethercluster, BlockScout, CloudFlare

- › Diego takes over Ethercluster
  - › Besu upgrade
  - › Nginx routing improvements
- › Diego takes over Blockscout
  - › BlockScout version upgrade
  - › Setup local Besu node with fixed 21.1.7 version
- › Rivet Cloud integration
  - › Cloudflare's header modification → <https://rivet.ethercluster.com>
  - › Cloudflare's worker transparent proxy → <https://www.ethercluster.com/rivet>
- › Health checks
  - › Moved into Cloudflare as periodic worker

## Infrastructure Switch to Rivet

- › ETC Coop has provided free public endpoints since 2019 which are used by the majority of ETC wallets.
- › We have suffered uptime and reliability issues during 2021.
- › In November we will be switching our self-hosted ETC mainnet endpoint over to Rivet-hosted servers, with service guarantees and 24/7 operational staffing.



# Infrastructure ETC Node Explorers

- › ETC Cooperative funded [etcnodes.org](http://etcnodes.org) for the last 18 months or so, but Bitfly were unable to continue to support that dashboard. It was discontinued in July.
- › ETC Core launched a new [ETC Node Explorer](http://ETC Node Explorer) during July, which was very useful during the hard fork migration.
- › Feature set for the two systems varies somewhat, but they are essentially equivalent.

The screenshot shows the ETC Node Explorer interface. On the left is a table of nodes with columns for Node ID, Country, Client, Version, Protocol (eth), Protocol (snap), Fork ID (Current), Fork ID (Next), and Uptime. The table lists 10 nodes from various countries like Brazil, France, Japan, Singapore, United States, Austria, Finland, Germany, and Japan, all using CoreGeth 1.12.1. On the right, there is a world map showing node distribution, a 'Clients' section with a pie chart showing CoreGeth at 95.8% and besu at 4.2%, and a 'ForkId (Current)' section with a pie chart showing Magneto at 97.5%.

Node ID	Country	Client	Version	Protocol (eth)	Protocol (snap)	Fork ID (Current)	Fork ID (Next)	Uptime
f102eb0826...	Brazil	CoreGeth	1.12.1	v66	v1	Magneto	-	5 day
2a62660cce...	France	CoreGeth	1.12.1	v66	v1	Magneto	-	23 days
e7f7d86ffd...	Japan	CoreGeth	1.12.1	v66	v1	Magneto	-	4 day
ee8ae70838...	Singapore	CoreGeth	1.12.1	v66	v1	Magneto	-	2 month
749263c7c7...	United States	CoreGeth	1.12.1	v66	v1	Magneto	-	4 day
deal1f60692...	United States	CoreGeth	1.12.1	v66	v1	Magneto	-	8 day
5c70a202ee...	Austria	CoreGeth	1.12.1	v66	v1	Frontier	Homestead	about 2 hour
89bc93a79a...	Finland	CoreGeth	1.12.1	v66	v1	Magneto	-	1 day
93119384f4...	Germany	CoreGeth	1.12.1	v66	-	Magneto	-	about 8 hour
99e48dee9e...	Japan	CoreGeth	1.12.1	v66	v1	Magneto	-	5 day

## Protocol

# Magneto hard-fork activation

- › The ETC Magneto hard-fork was successfully activated on 23<sup>rd</sup> July, as specified in [ECIP-1103: Magneto EVM and Protocol Updates](#)
- › The EF released their [Dodging a Bullet](#) blog post on 18<sup>th</sup> May revealing a serious DOS attack vector which had been addressed both by serious architectural changes in the Geth client and protocol changes in Berlin.
- › The attack vector was still active in ETC, making Magneto an essential security upgrade, not just a “copying ETH” update.

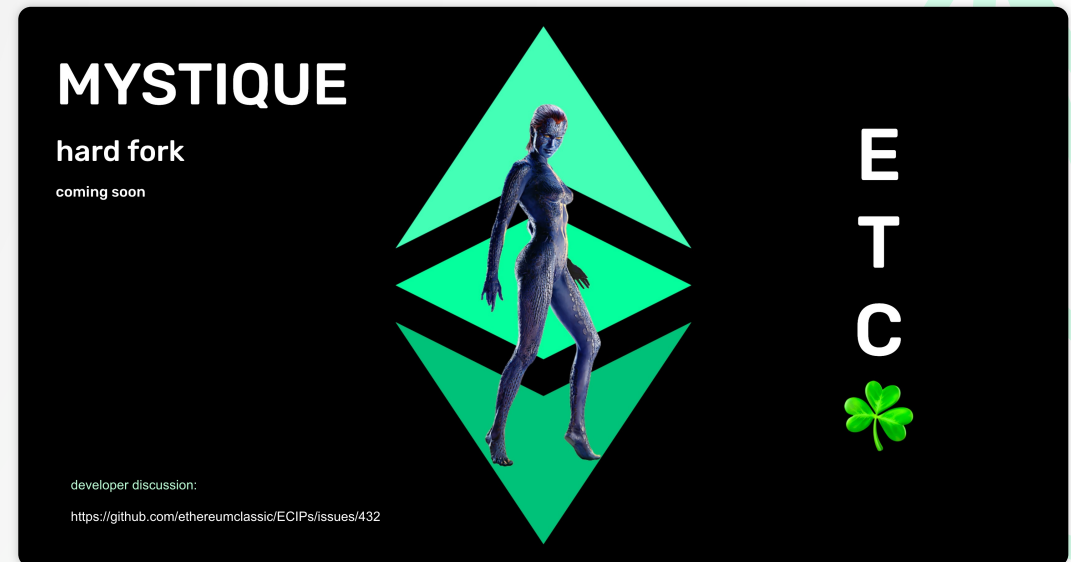




## Protocol

# Mystique hard-fork preparation

- › The proposed ETC Mystique hard-fork specification is in Draft form in [ECIP-1104: Mystique EVM and Protocol Updates](#).
- › This hard-fork will bring a subset of the changes from the Ethereum “London” fork to the ETC network.
- › The primary change from “London” which will NOT be implemented in ETC is [EIP-1559: Fee change market for ETH 1.0](#), because such changes would be a breach of the monetary policy and social expectations. Geth client and protocol changes in Berlin.
- › There is a Core Developer call scheduled for mid-November to discuss Mystique and other potential ECIPs.



## Protocol

# Treasury Progress (July/August - Historical)

**This slide preserved for historical purposes but see the following slide for the latest information.**

- › We have been in frequent contact with IOHK about the treasury proposal.
- › There has also been an increasing amount of discussion of the proposal on the ETC Discord.
- › The common “pain points” are becoming quite evident as a result of these discussions.
- › Most people’s primary concerns are about the amount of funds being allocated to client teams, together with wanting to see accountability for that spending.
- › The proposal needs financial modeling to explain assumptions about potential spending for the client teams (Mantis being the largest at the moment) together with assumptions about ranges of ETC prices – both historic and future.
- › Bob’s proposal is that unused client team funds be swept forward into the community grants pool. That lets us account for differences in spending across teams and within teams over time as ETC prices vary while keeping the model very simple (30/30/30/10 in ETC).
- › There are concerns about the coin vote mechanism and specifically the quorum.
- › IOHK and ETC Coop are working together on a major refresh for the ECIP. We can gather discussions around those changes when they are in place.

Protocol

## Withdrawing support for ECIP-1098

On September 20<sup>th</sup>, the ETC Cooperative withdrew support for the ECIP-1098 Treasury proposal. [Article explaining this change.](#)

*"We spent many months collaborating with IOHK on reworking the published proposal. It became apparent over time that IOHK's vision of a treasury was sharply at odds with our expectations."*

*"The final straw was IOHK's rejection of the "sweeping mechanism" which Bob had proposed. Unspent client team funds would have been swept forward into the community grants pool. That mechanism was intended to ensure that high USD equivalent funding due to rising ETC prices or due to differences in spending across client teams would not end up as excessive private profit for the client teams."*

*"That restraint on private profits was a "hard no" to IOHK but was a "must have" for ETC Cooperative."*

*"Without adequate systems in place to ensure transparency, accountability and ultimately a capped profit margin, the treasury system that IOHK desired was never going to be accepted by the community and with valid reason."*

## Protocol

# Another Treasury Proposal?

- › The ECIP-1098 treasury proposal was ultimately unsuccessful because it failed to address the “pain points” which were very evident to the community.
- › We had hoped that the proposal could have been iterated from its initial form to one which addressed these weaknesses, but that did not prove to be possible.
- › The root funding issues which make the ETC ecosystem unsustainable in its current form are still unaddressed and we go into 2022 with more funding uncertainty than ever before.
- › The ETC Cooperative plans to make a new ECIP proposal for a very simple, open and transparent treasury process, which would see all participants on a level playing field.
- › The ETC Cooperative could best host such a process, given our non-profit status, but decisions could be made by a grants committee which could be formed from well-known ETC community members.
- › Simplest is likely best – managing a pool of funding, open to all proposals, with humans making the decisions, all fixed in scope, not perpetual streams of money for any given individual or team.



Protocol

## Hyperledger Besu development work

- › Diego has been dedicating most of his time to Besu development work.
- › His contributions have included fixes for multiple consensus issues.
- › He is working towards “maintainer” status which will give him commit rights.
- › Pull requests
  - › [#2746: ETC consensus problem](#)
  - › [#2801: usability improvement](#)
  - › [#2854: usability improvement](#)
  - › [#2944: usability improvement \(open\)](#)
  - › [#2967: Fix loop exit condition for BonsaiWorldStateArchive](#)
- › Issues
  - › [#2899: PreDAO consensus problem](#)
  - › [#2953: Bonsai storage OutOfMemory](#)

## Adoption: Back on the road to ETC 2.0

- › Continue on-strategy messaging:
  - › ETC is just like ETH1.x but without all the mistakes i.e., network bloat, network issues
  - › ETC is a perfectly suitable decentralized computing platform; will be largest PoW smart contract platform once ETH2 launches
- › Treasury Post-Mortem
  - › Blog post written and posted by Bob
  - › Posted ahead of IOHK
- › Influencers / Youtuber campaign
  - › Throughout Q3 there's been a sharp increase in activity from influencers, and content creators open to speaking with the Co-op and other active ETC parties
- › Youtubers such as: [Peter Cordi](#), [Mike The Investor](#), [Savage Profits](#), [Crypto Decentra](#) have reached out to the Co-op to do various media engagements
- › It's important the Co-op continue its efforts on grassroots marketing and other tactics to improve ETC security, performance, and long-term viability as: *a perfectly suitable decentralized computing platform.*
- › Continue with campaigns focused on adoption of Keccak mining algorithm and other non-contentious upgrades

## ETC Weekly: ETC Co-op Newsletter

- › Provide users, Node operators, and other stakeholders with critical updates regarding Ethereum Classic News
- › Sent directly to their inbox

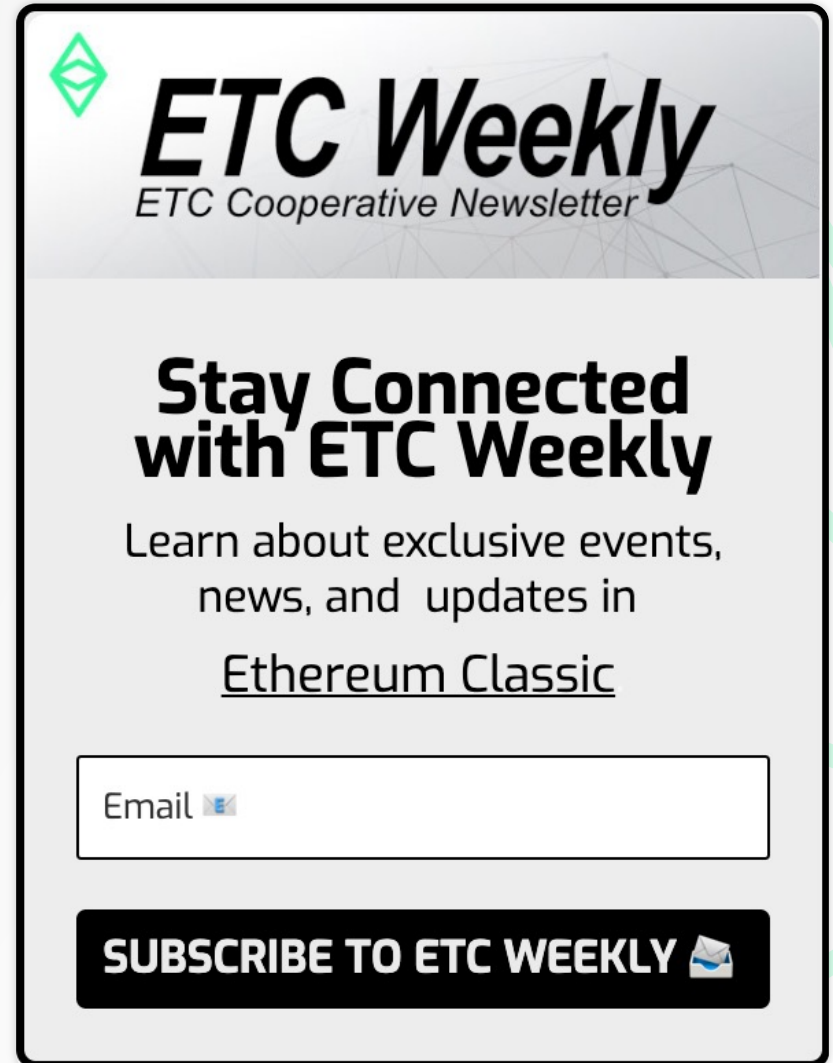
**5,044**

Active subscribers

**1,391**

Total visitors to invite form

- › Custom sign-up form  
URL: <https://ethclassic.co/etcweekly>
  - › Easy to remember and share with others



The image shows a digital sign-up form for the ETC Weekly newsletter. At the top left is the ETC logo, a green diamond with a white 'E' inside. To its right, the text 'ETC Weekly' is written in a large, bold, black sans-serif font, with 'ETC Cooperative Newsletter' in a smaller, lighter font underneath. Below this, the main heading 'Stay Connected with ETC Weekly' is centered in a bold, black font. Underneath the heading, the text 'Learn about exclusive events, news, and updates in Ethereum Classic' is centered. Below the text is a white rectangular input field with the placeholder text 'Email' and a small blue envelope icon. At the bottom of the form is a black rectangular button with the text 'SUBSCRIBE TO ETC WEEKLY' in white, bold, uppercase letters, followed by a small white envelope icon.

# Comms and Marketing ETC Weekly (Continued)

## Current stats for ETC Weekly

**5,044**

Total Subscribers

**60** New subscribers added this past month

**26.92%**

Avg open rate

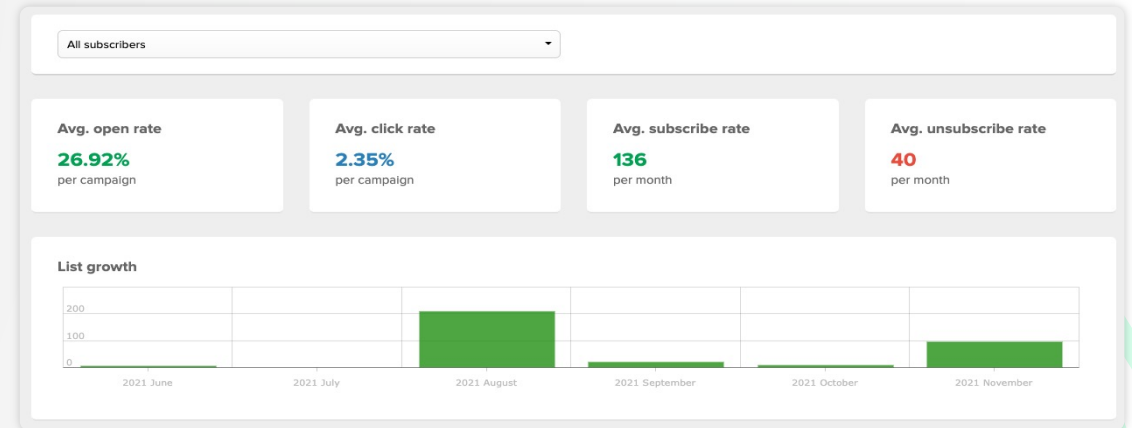
**2.35%**

Click rate

**136** Avg monthly subscribe rate

**40** Avg. monthly unsubscribe rate

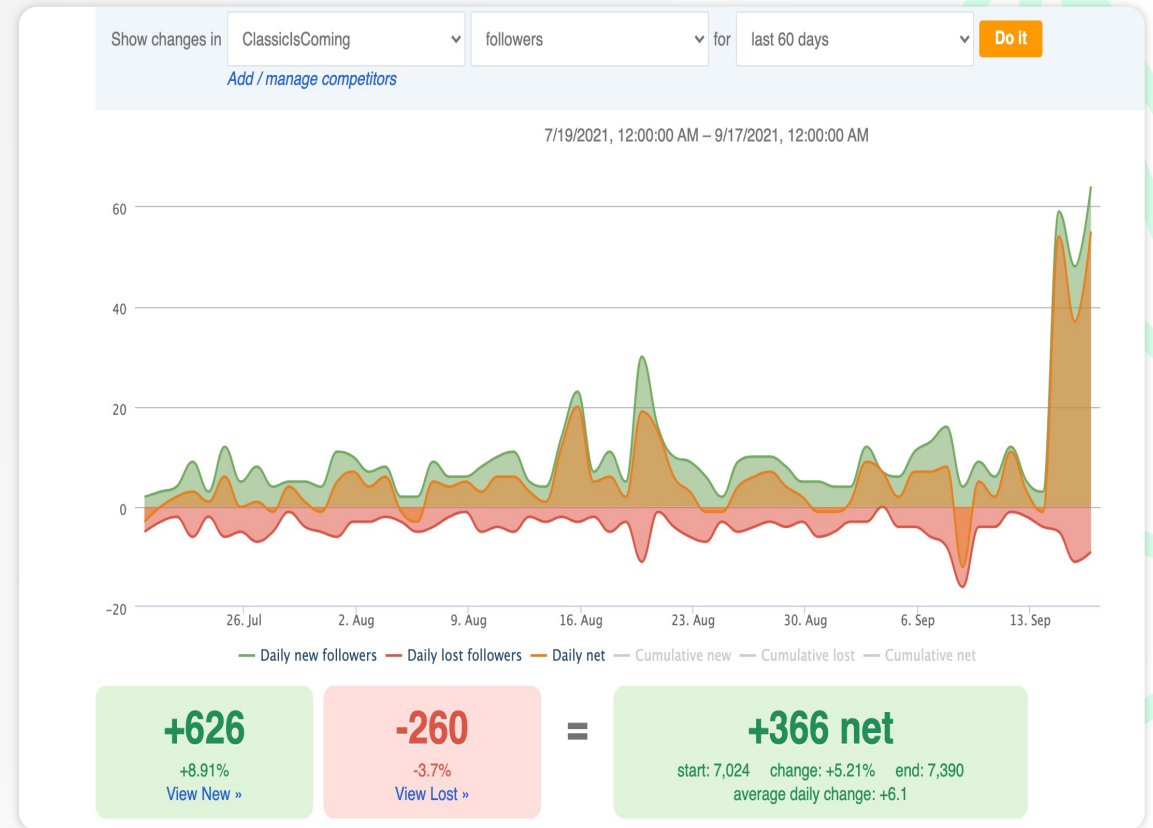
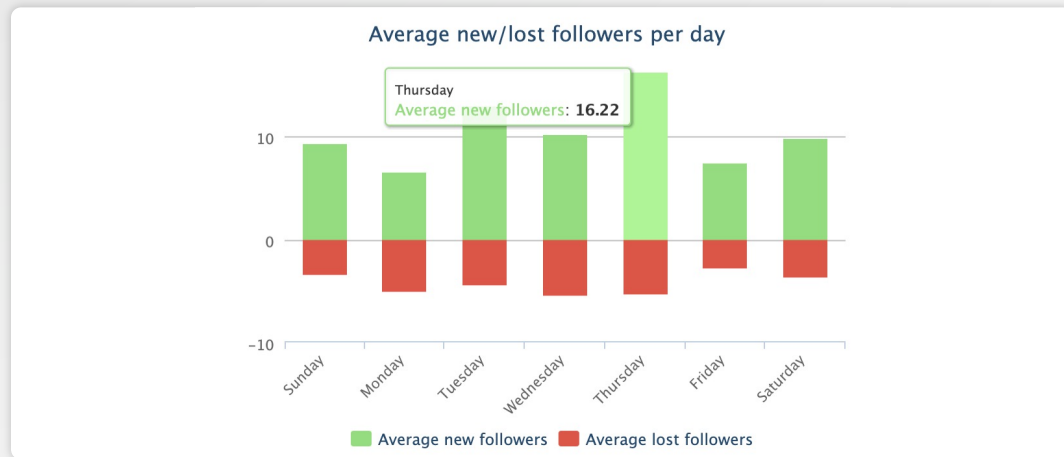
Has its own growing twitter account on Twitter [@ETCWeeklyNews](https://twitter.com/ETCWeeklyNews)





# Comms and Marketing Social Media Metrics Q3 | @ClassicsComing

Websites such as [Followerwonk](#), [Lunarcrush](#), and [Tweepsmap](#) provide critical insights that display honest community sentiment and help optimize efforts in areas that need improvement. Information on the time of day that followers are most active and engaged allow for more precise engagement and community building.



# Comms and Marketing Social Media October | @ClassicsComing

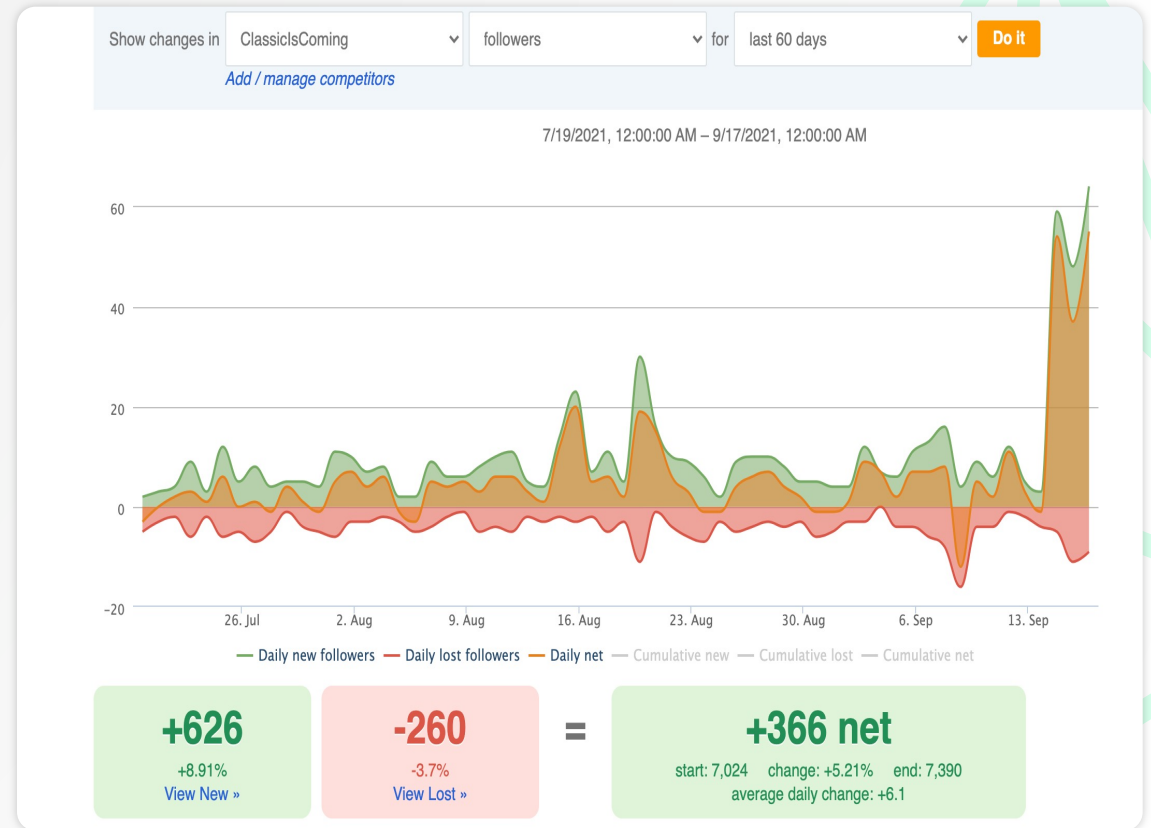
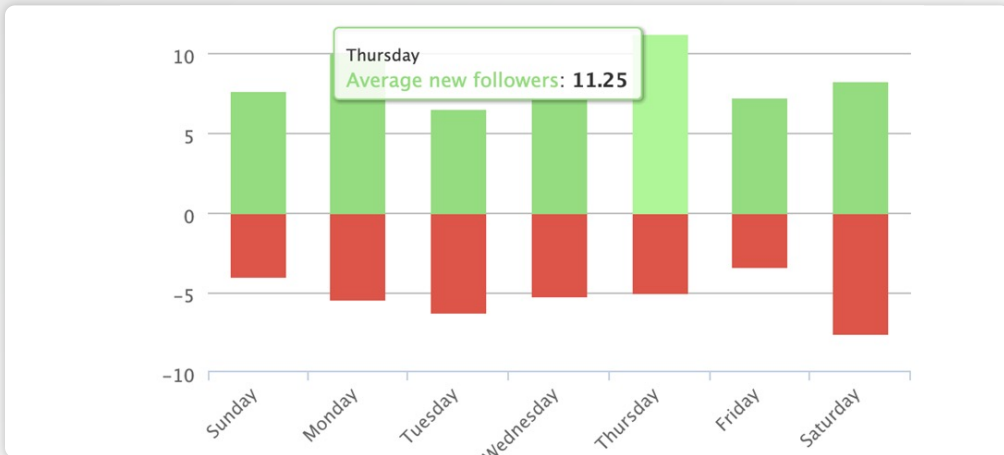
The month of October saw consistent growth in the Classic is Coming Twitter Account

**2.97%**

Avg. daily change

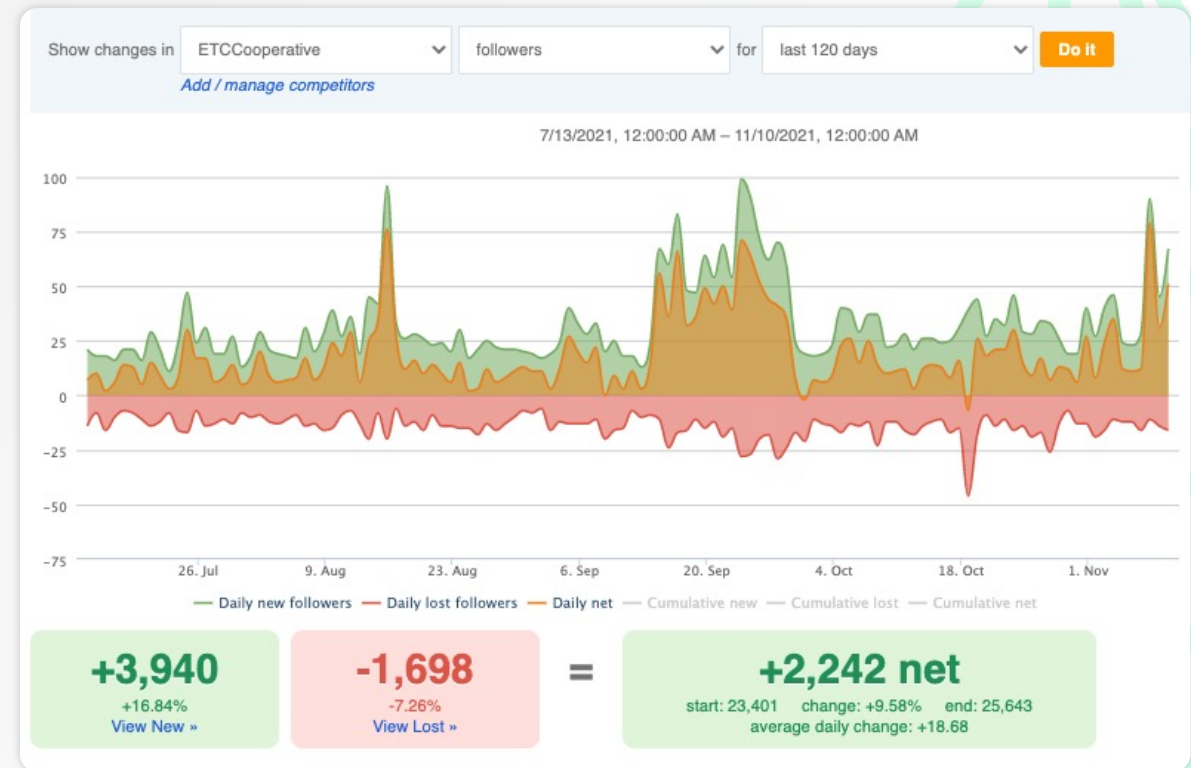
**11.25**

Avg. daily new followers



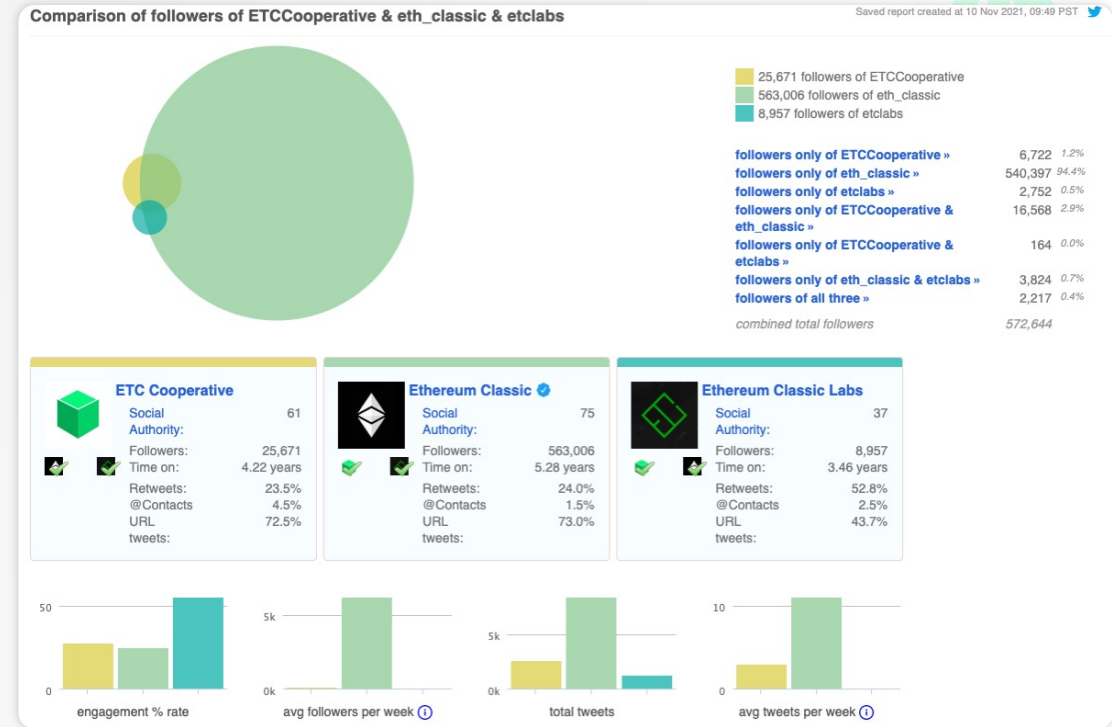
# Comms and Marketing Social Media Metrics Q3 + October – [ETC Cooperative](#)

- › ETC Cooperative Follower Report: <https://followerwonk.com/sko3>
- › July Follower Stats
- › +863 gross; +474 net new followers
- › Avg. daily followers **+15.29**
- › August Followers: **+1,145** new; **+782** net new
- › Avg. daily followers **+25.23**
- › Aug. follower [report](#)



# Comms and Marketing Social Media Metric Comparison

- › Comparison among the most well-known Twitter accounts:
  - › [@eth\\_classic](#) (official)
  - › [@etclabs](#)
  - › [@ETCCooperative](#)
- › As evident by the chart on the right, the Co-op comes only second to the "official" ETC twitter account, giving it more credibility among the others
- › ETCLabs seems to have checked out and is consistently losing followers and engagement
- › The Co-op has consistently outperformed in these metrics YTD.
- › Report available here: <https://followerwonk.com/KyaW>

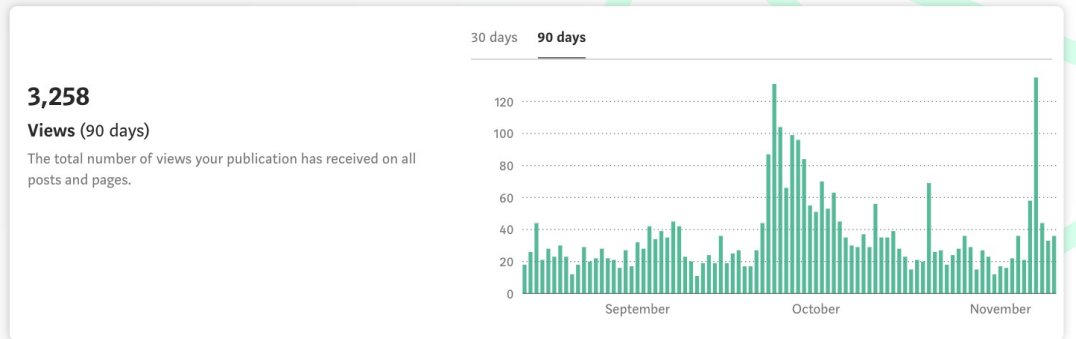
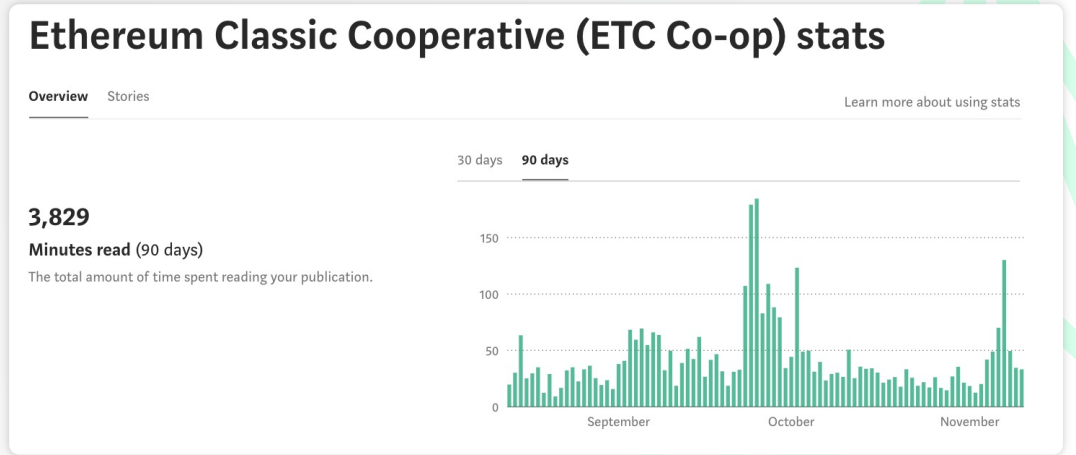




# Comms and Marketing

## ECC Medium Publication Metrics

The screenshot shows the ETC Cooperative website homepage. At the top, there is a navigation bar with a search icon, a bookmark icon, a notification bell, and social media icons for Twitter and Facebook. The main header features the ETC Cooperative logo and the text "ethereum classic cooperative" in a large, lowercase font. Below the header, there are two main content areas. The left area features a black background with the Rivet logo and the text "Rivet ETC Cooperative". The right area features a green background with the text "July & August 2021 Board Report" and "September 23, 2021". Below these are two article cards. The first card is titled "Ethercluster Node Service Soon Moves to Rivet Cloud" and includes a brief description and a small ETC Cooperative logo with the text "Nov 6 - 3 min read". The second card is titled "ETC Cooperative Transparency Report July— August 2021" and includes a brief description and a small ETC Cooperative logo with the text "Sep 28 - 2 min read".



## Planning

# What is next for the ETC Cooperative?

- › As we are nearing the end of 2021, the time has come for planning for 2022.
- › 2021 has proven very different to our plan for the year, mainly due to the failure of ECIP-1098.
- › Heading into 2022 we have a strong financial position, which gives us lots of options which were not available in previous calendar years. We are working on a staffing plan. It seems likely that we will want to add several new hires to the ETC Cooperative staff, so we can get more done.
- › The ETC ecosystem has shrunk considerably during 2021 and there are now only a handful of active participants, so the ETC Cooperative's role is more important than ever. Working to consensus on protocol roadmap is very hard given the small number of individuals involved.
- › There is a serious risk that the Core-Geth team's funding will cease in 2022. We expect that Grayscale funding of ETC Cooperative will also cease in April 2022. The replacement treasury proposal is very important given this funding landscape. While we now have reserves at historic levels, we don't have sufficient for ETC Cooperative to operate like an endowment fund.
- › We will lay this funding landscape out, together with the options for moving forward before the end of Q4 2021.

Finance

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## Exceptional income

- › The ETC Cooperative received an exceptional amount of funding from Grayscale during April to October, as ETC prices hit an all-time high during May.
- › Nearly **\$3.9M USD** of revenue was received or has been accrued by the ETC Coop from April to October leaving over **\$4.2M USD** of assets on our balance sheet at the end of the quarter (cash balance and receivables).
- › Historically, those assets have usually varied between **\$300K** and **\$600K**.
- › This leaves us in a very strong financial position heading into Q4 of 2021 and beyond.



# Finance

## Expenditures in \$US

	Q3 2021 Actual	Q3 2021 Budget	Variance \$ Q3 2021 vs Q3 2021 Budget	Q3 2020 Actual	Variance \$ Q3 2021 vs Q3 2020
Overhead & Management	\$53,436	\$61,719	\$(8,283)	\$51,723	\$1,713
Development	\$32,806	\$120,000	\$(87,194)	\$40,014	\$(7,208)
Protocol	\$0	\$10,000	\$(10,000)	\$21,000	\$(21,000)
Comms & Marketing	\$12,500	\$13,463	\$(963)	\$7,361	\$5,139
Finance	\$6,000	\$21,375	\$(15,375)	\$15,428	\$(9,428)
Infrastructure	\$0	\$10,200	\$(10,200)	\$10,715	\$(10,715)
Partnerships	\$0	\$0	\$0	\$750	\$(750)
ETC Summit	\$0	\$0	\$0	\$0	\$0
<b>Total Expenditures</b>	<b>\$104,742</b>	<b>\$236,756</b>	<b>\$(132,014)</b>	<b>\$146,992</b>	<b>\$(42,249)</b>
<i>Non-cash Items</i>	\$0	\$0	\$0	\$5,000	\$(5,000)
<b>Total Operating Expenses</b>	<b>\$104,742</b>	<b>\$236,756</b>	<b>\$(132,014)</b>	<b>\$151,992</b>	<b>\$(47,250)</b>

- › Expenditures in Q3 2021 were significantly lower than Q3 2021 Budget and slightly lower than Q3 2020. As related to budget, this is due to development and infrastructure that wasn't commenced, due to a changing road map. It is lower than Q3 2020 due to lower finance costs (timing of tax expenditures), and less protocol work.

# Finance

## Expenditures in \$US

	Oct 2021 YTD Actual	Oct 2021 YTD Budget	Variance \$ Oct YTD vs Oct YTD Budget	Oct 2020 YTD Actual	Variance \$ Oct 2021 YTD vs Oct 2020 YTD
<b>Overhead &amp; Management</b>	\$174,055	\$206,321	\$(32,266)	\$174,748	\$(693)
<b>Development</b>	\$134,896	\$350,000	\$(215,104)	\$108,603	\$26,293
<b>Protocol</b>	\$10,000	\$91,000	\$(81,000)	\$70,350	\$(60,350)
<b>Comms &amp; Marketing</b>	\$42,736	\$45,792	\$(3,056)	\$33,843	\$8,893
<b>Finance</b>	\$34,511	\$60,670	\$(26,159)	\$34,040	\$471
<b>Infrastructure</b>	\$0	\$42,700	\$(42,700)	\$43,658	\$(43,658)
<b>Partnerships</b>	\$0	\$0	\$0	\$6,292	\$(6,292)
<b>ETC Summit</b>	\$0	\$0	\$0	\$1,978	\$(1,978)
<b>Total Expenditures</b>	<b>\$396,198</b>	<b>\$796,483</b>	<b>\$(400,285)</b>	<b>\$473,511</b>	<b>\$(77,313)</b>
<i>Non-cash Items</i>	\$0	\$0	\$0	\$28,686	\$(28,686)
<b>Total Operating Expenses</b>	<b>\$396,198</b>	<b>\$796,483</b>	<b>\$(400,285)</b>	<b>\$502,197</b>	<b>\$(105,999)</b>

- › YTD expenses are significantly lower than budget, as the focus hasn't been as much on development and protocol work as planned. The focus has been on work related to potential hardforks. Q4 may have more protocol/infrastructure expenditures, depending on timing of work planned but it is more likely to occur in 2022. The main variances compared to 2020 relate to headcount, as well as comms and marketing costs related to travel for ETHCC and other cryptocurrency conferences in 2019, before Covid-19.
- › Non-cash items from 2020 consist of the loss on sale of ETC, FX gain/loss, and bad debt expense.

# Finance

## Net (Loss)/Income in \$US

	Q3 2021 Actual	Q3 2021 Budget	Q3 2020 Actual
<b>Income</b>	\$1,714,608	\$213,075	\$190,573
<b>Operating Expenses</b>	\$104,742	\$236,756	\$151,992
<b>Net (Loss)/Income</b>	\$1,609,866	\$(23,681)	\$38,582
<i>Non-cash items</i>	\$0	\$0	\$5,000
<b>Adjusted Net Income</b>	<b>\$1,609,866</b>	<b>\$(23,681)</b>	<b>\$43,582</b>

## Net (Loss)/Income in \$US

	Oct YTD 2021 Actual	Oct YTD 2021 Budget	Oct YTD 2020 Actual
<b>Income</b>	\$4,278,341	\$653,490	\$592,091
<b>Operating Expenses</b>	\$396,198	\$796,483	\$502,197
<b>Net (Loss)/Income</b>	\$3,882,143	\$(142,993)	\$89,894
<i>Non-cash items</i>	\$0	\$0	\$28,686
<b>Adjusted Net Income</b>	<b>\$3,882,143</b>	<b>\$(142,993)</b>	<b>\$118,580</b>

- › Net Income for the period was significantly higher than budget and 2020. The variance with budget can be attributed to the much higher ETC price in 2021, which is correlated to the ETC Fees received from Grayscale, as well as lower cash-costs YTD. Budgeting of revenue was on the conservative side with revenue, due to changing and volatile prices. As compared to 2020, cash costs were fairly consistent, however revenue was significantly higher due to ETC prices.
- › As of October 31, 2021, the ETC Coop held 8,163 ETC.

# Finance

## Financial Positions in \$US

	30-Oct-21	30-Jun-21	31-Mar-21	31-Dec-20	31-Dec-19	31-Dec-18	31-Dec-17
<b>Assets</b>							
Cash & Cash Equivalents	\$3,740,091	\$745,488	\$416,965	\$303,313	\$146,318	\$530,268	\$0
ETC (at book value) <sup>1</sup>	\$78,115	\$78,115	\$78,115	\$78,115	\$154,363	\$154,363	\$0
Accounts Receivable	\$0	\$0	\$(1)	\$0	\$12,057	\$7,057	\$0
Due from Grayscale	\$547,807	\$1,401,063	\$115,361	\$51,914	\$18,808	\$(6,729)	\$371,505
Prepaid Expenses & Deposits	\$0	\$0	\$0	\$0	\$2,250	\$0	\$0
<b>Total Assets</b>	<b>\$4,366,013</b>	<b>\$2,224,666</b>	<b>\$610,439</b>	<b>\$433,341</b>	<b>\$333,796</b>	<b>\$684,960</b>	<b>\$371,505</b>
<b>Liabilities</b>							
Accounts Payable & Accrued Liabilities	\$69,035	\$55,116	\$17,424	\$18,507	\$44,393	\$20,305	\$0
Due to Grayscale	\$0	\$0	\$(1)	\$0	\$(1,000)	\$3,022	\$131,864
<b>Total Liabilities</b>	<b>\$69,035</b>	<b>\$55,116</b>	<b>\$17,423</b>	<b>\$18,507</b>	<b>\$43,393</b>	<b>\$23,328</b>	<b>\$131,864</b>
<b>Equity</b>							
Retained Earnings	\$414,834	\$414,834	\$414,834	\$290,403	\$661,632	\$239,640	\$0
Net Income/(Loss) for the year	\$3,882,143	\$1,754,716	\$178,182	\$124,431	\$(371,229)	\$421,992	\$239,640
<b>Total Equity</b>	<b>\$4,296,977</b>	<b>\$2,169,550</b>	<b>\$593,016</b>	<b>\$414,834</b>	<b>\$290,403</b>	<b>\$661,632</b>	<b>\$239,640</b>
<b>Total Liabilities &amp; Equity</b>	<b>\$4,366,013</b>	<b>\$2,224,666</b>	<b>\$610,439</b>	<b>\$433,341</b>	<b>\$333,796</b>	<b>\$684,960</b>	<b>\$371,505</b>
<i>ETC at Market Value<sup>1</sup></i>	<i>\$443,495</i>	<i>\$470,443</i>	<i>\$114,935</i>	<i>\$46,284</i>	<i>\$72,540</i>	<i>\$81,430</i>	<i>\$0</i>
<b>Liquid assets<sup>2</sup></b>	<b>\$4,183,586</b>	<b>\$1,215,921</b>	<b>\$531,899</b>	<b>\$349,597</b>	<b>31-Dec-19</b>	<b>\$611,698</b>	<b>\$0</b>

<sup>1</sup>Book value is the value when the ETC was originally purchased. Market value is the value at the end of the reporting period (prices from Yahoo finance)

<sup>2</sup>Liquid assets consists of Cash & Cash equivalents plus ETC at market value.

- › There have been no significantly changes in the balance sheet from December 31, 2020, other than explained below.
- › Cash and receivables are increasing and significantly higher, due to higher ETC price, with expenditures staying consistent or lower.
- › Accounts payable and accrued liabilities consist of some staffing costs, as well as Infrastructure hosted services for multiple vendors.
- › ETC at Market value has increased significantly, due to rising crypto prices, however prices remain very volatile.



ETC  
Cooperative