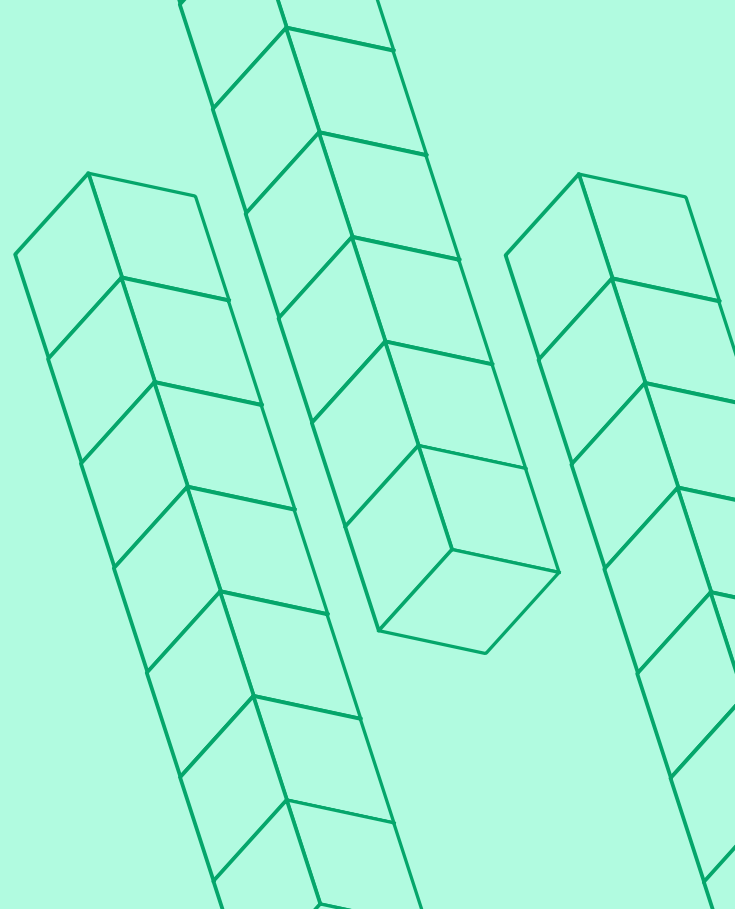




Jito

R E P O R T

CSD Progress Report One

October 2025

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Executive Summary

As mandated by [Jito Improvement Proposal \(JIP\) 17](#), this report provides the first comprehensive update on the progress of the Cryptoeconomics SubDAO (CSD) since inception. The CSD is the Jito DAO's specialized unit for designing and executing mechanisms that translate protocol revenue into tokenized value accrual.

Since its inception, the CSD has begun realizing Jito's long-term vision of a closed-loop cryptoeconomic system – one in which the DAO's revenue flows transparently and programmatically back to token holders. Following the passage of [JIP-24](#), the DAO now receives 100% of fees from the Block Engine, BAM, JitoSOL, and Restaking verticals, representing one of the most complete revenue capture systems in DeFi.

Going forward, **100% of DAO-generated revenue will be deployed toward continuous JTO buybacks**, establishing a transparent link between network activity and token value. While the DAO may decide to pivot to other value accumulation strategies in the future, for the remainder of the CSD's tenure the focus will be primarily on buybacks.

While the first buybacks are executed from DAO-allocated funds, the CSD is also building and handing over to the DAO a suite of autonomous execution tools, enabling the community to run these buybacks without intermediary management. This transition marks the next step toward governance-minimized, credibly neutral, and self-sustaining value accrual – a model for how DeFi treasuries can evolve into fully automated cryptoeconomic engines.

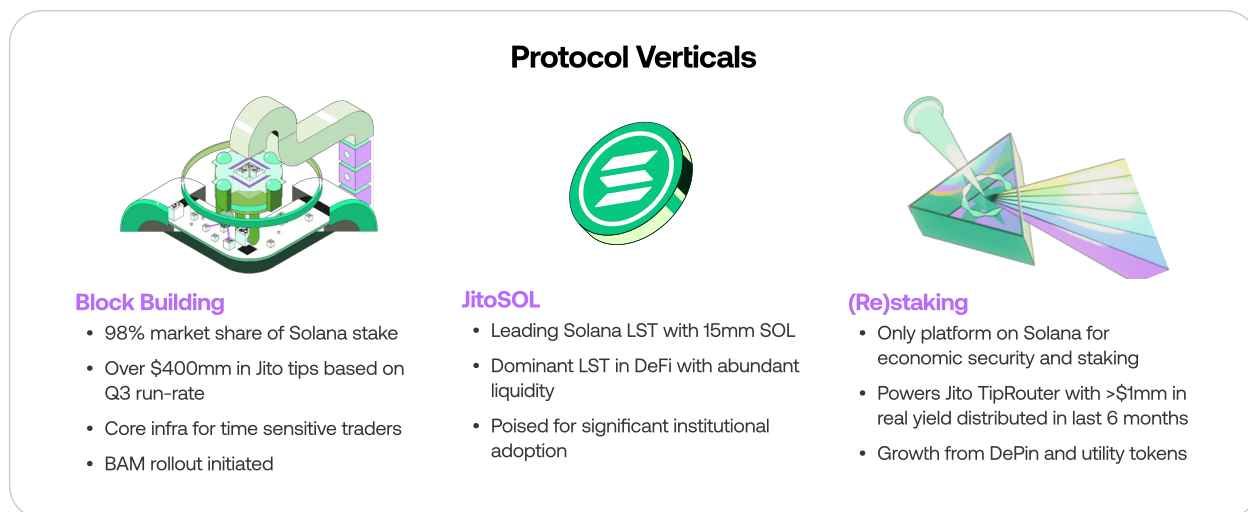
This document provides an overview of Jito; a theoretical explanation of cryptoeconomics and DAOs, and an overview of the CSD's activities to date. Over the past quarter, the CSD has accumulated more 2.15m JTO and an average price of \$1.52, begun development for multiple experimental mechanisms – including The Vault, TWAP Buybacks, and The JTO Auction – and developed a roadmap for the full automation of these systems. These tools form the foundation of a programmable treasury architecture capable of autonomous value distribution and on-chain market operations.

In doing so, the CSD not only advances the Jito DAO's mission of aligning protocol incentives with tokenholder value, but also sets a new standard for economic autonomy and transparency within decentralized systems.

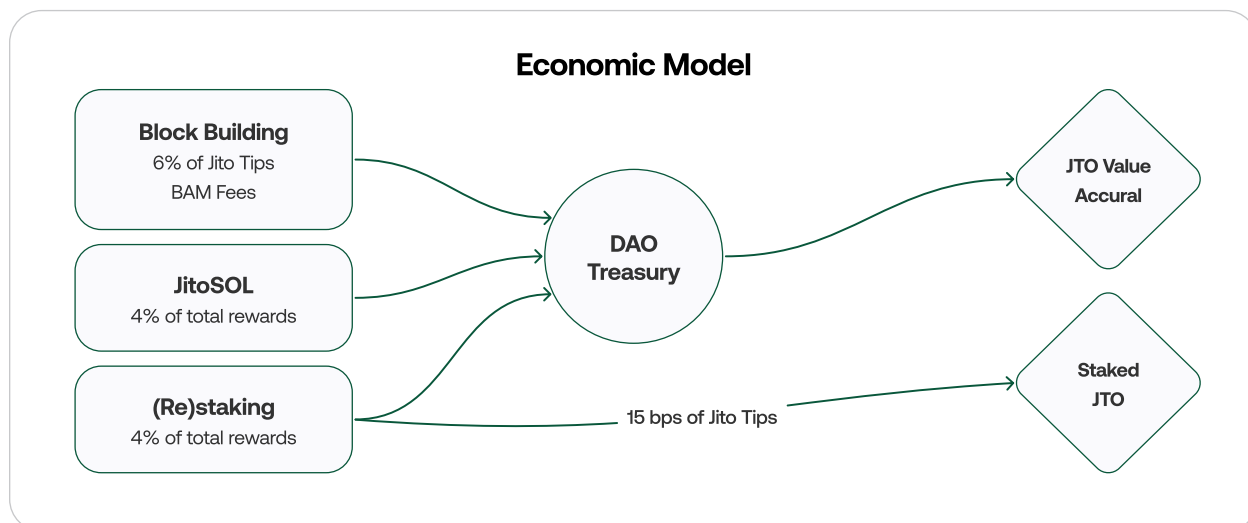
What is Jito?

The Jito Network is a collection of interconnected protocols – for liquid staking, restaking, block building, and related activities – that provide users with the ability to engage in programmatic economic activities. The Jito DAO earns revenue programmatically from the Network from fees generated by these activities, and is among the largest revenue-drivers in DeFi.

The Jito Network commands dominant market share across the verticals it participates in, and serves as a key economic engine for all of Solana:



The Jito Network currently generates \$25m per year in fees from these verticals, which is largely aggregated in the DAO treasury:



What is Cryptoeconomics?

Blockchains let developers create new forms of money and markets using software. They do it with cryptography that coordinates strangers to agree on a shared history, enabling a blockchain to become a credible source of truth.

These emergent systems are incentive-driven. Bitcoin miners burn real energy and take on huge risk in the form of real-world operational expenditure for the promise of fees generated by the chain, and importantly, the potential to earn Bitcoin.

Cryptoeconomics sits at the apex of cryptography and markets. Within the CSD, we ultimately define cryptoeconomics as: *“The interdisciplinary study and design of decentralised systems that combine cryptography with incentive engineering to achieve secure, coordinated and value-accretive market structures.”*

In the example of Bitcoin, mining effectively functions as a planetary scale lottery, which pays out roughly every 10 minutes, where tickets to play are issued in the trillions per second proportional to the amount of compute provided to network security.

This cryptoeconomic game has generated a multi-trillion dollar economic system that has revolutionised global finance and has triggered a storm of research and development into generating other such systems that reach similar levels of guarantees of transaction fidelity, but quicker and cheaper.

Solana is one such technological advance, and Jito is Solana infrastructure that shapes and expands the network’s capabilities. Bitcoin’s cryptoeconomic lottery game enables a global network of permissionless payments; Solana and Jito’s cryptoeconomic design enable a global network of broader, permissionless financial services. In doing so, it generates revenue that is redistributed to JitoSOL stakers, restakers, validators, and the DAO.

Jito is the growth infrastructure for all of Solana, and JTO should have a correspondingly powerful cryptoeconomic engine. The mechanisms of DeFi are trending towards systems that are natively integrated with the protocol layer, where 100% of protocol revenue flows transparently toward tokenised value accrual. This architecture enables a rapid transition to fully automated and governance-minimised value distribution – laying the foundation for scalable, credibly neutral, and enduring cryptoeconomic systems.

FURTHER READING

<https://blockworks.co/news/value-accrual-matters-for-tokens>

<https://www.coinbase.com/learn/wallet/tokenomics-101>

DAOs and DAO Treasuries

What is a DAO?

DAO stands for Decentralised Autonomous Organization. DAOs are a new form of decentralised coordination structure that act as a means for a radically distributed set of network stakeholders to own and govern a network economy. These structures are often managed with token-based voting systems.

DAOs are new and emerging technologies. They have been long discussed as an expected central feature of crypto networks, but largely have yet to fully realise their true potential. Jito DAO aims to push this frontier, with a focus on rapid decentralised protocol improvements and an emphasis on token-based value accrual.

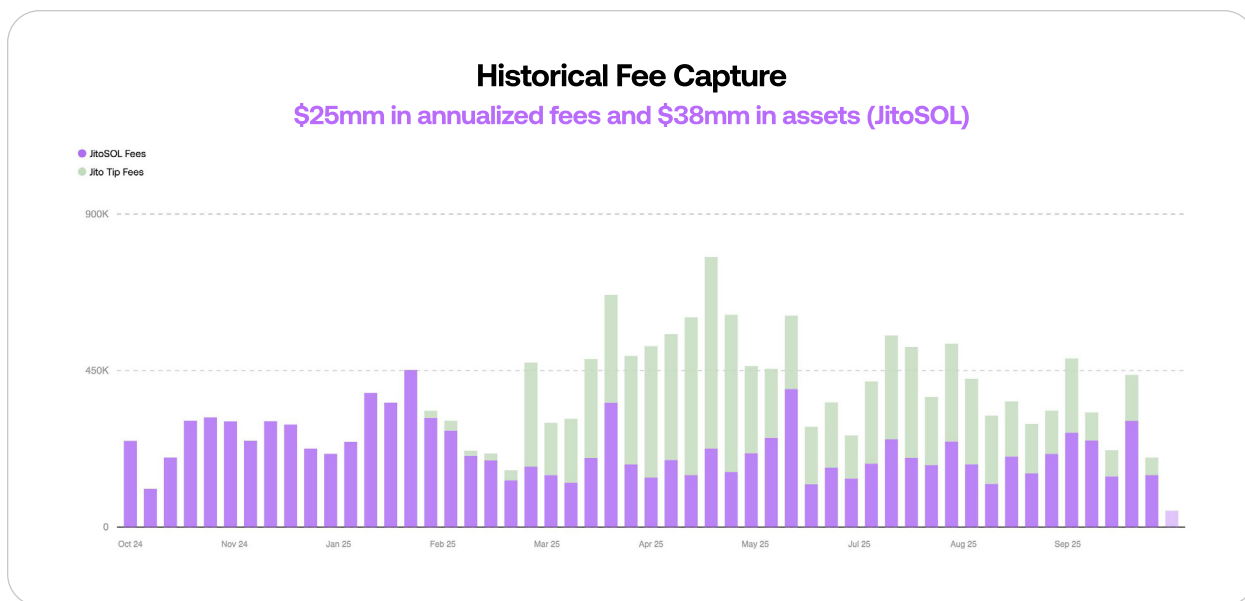
What is a DAO treasury?

A DAO treasury is a collection of assets programmatically managed by members of the DAO. These assets are often primarily denominated in a protocol's native token, but can also consist of fees earned by the protocol and collected into the treasury.

Jito DAO Treasury Statistics

The Jito DAO Treasury was established in December 2023, concurrently with the launch of the JTO token and the wider Jito DAO. At launch, the treasury received all fees generated by JitoSOL to that point (4% of all rewards). In January 2025, Jito launched TipRouter, a restaking network for distributing Jito Tips, which introduced a 3% fee on all Jito Tips, which were routed to the DAO. This was later raised to 6% with the passing of JIP-24.

These two fee streams, JitoSOL and TipRouter, currently make up the majority of the treasury's revenue:



Looking forward, the CSD expects that Restaking fees (4% of rewards) and [BAM block engine](#) fees will also materially contribute to revenue.

FURTHER READING

Larimer, D. (2013) Overpaying For Security, Let's Talk Bitcoin. Available at: <https://letstalkbitcoin.com/blog/post/is-bitcoin-overpaying-for-false-security>

Buterin, V. (2014) DAOs, DACs, DAs and More: An Incomplete Terminology Guide, Ethereum Foundation Blog. Available at: <https://blog.ethereum.org/2014/05/06/daos-dacs-das-and-more-an-incomplete-terminology-guide>

Ghavi, A. et al. (2022) 'A Primer on DAOs', The Harvard Law School Forum on Corporate Governance, 17 September. Available at: <https://corpgov.law.harvard.edu/2022/09/17/a-primer-on-daos/>

Dylan-Ennis, P. (2024) 'Decentralised Autonomous Organisations (DAOs)', in *Absolute Essentials of Ethereum*. London: Routledge.

Owocki, K. and Puncar (2025) *How to DAO: Mastering the Future of Internet Coordination*. New York: Portfolio.

What is the Cryptoeconomics SubDAO?

The Cryptoeconomics SubDAO (CSD) is the specialized unit within the Jito DAO tasked with designing, executing, and iterating value-accrual protocols that tie the DAO's revenue streams directly to the JTO token. It was established via [JIP-17: Activate a Cryptoeconomics SubDAO](#), which laid out a novel governance mechanism centered around domain expertise and empowered decision-making.

At its core, the CSD functions as a programmable treasury and coordination layer, responsible for designing, testing, and deploying mechanisms that ensure Jito's fee flows translate directly into value for JTO holders. It operates under DAO oversight but maintains a high degree of autonomy, enabling rapid research, design, and iteration of financial primitives like buybacks, staking yield subsidies, and other value accrual mechanisms.

One of JIP-17's key innovations is the empowered experts model: rather than leaving all economic decisions to traditional governance votes, the CSD relies on a curated cohort of mechanism designers, token economists, researchers, and technologists who are entrusted with authority to ideate, refine, and operationalize cryptoeconomic primitives.

Additionally, the CSD – and by proxy the wider Jito DAO – were further empowered through JIP-24. After JIP-24, all future Block Engine and BAM fees, including 3% of block engine fees previously shared with Jito Labs, are now routed entirely to the DAO treasury, with these flows earmarked for management by the CSD. **This marks the full realization of JIP-17's vision: a closed-loop cryptoeconomic system where 100% of protocol revenue cycles back into tokenized value accrual.**

CSD Progress

Since the passing of JIP-17 in June 2025, the CSD has pursued its mandate by funding cryptoeconomic research, contracting smart contract specs and development, executing \$2.5m in buybacks, and, recently, developing a comprehensive strategy for developing, deploying, testing, and handing over to the DAO the tools for a fully autonomous cryptoeconomic system.

The mechanisms include:

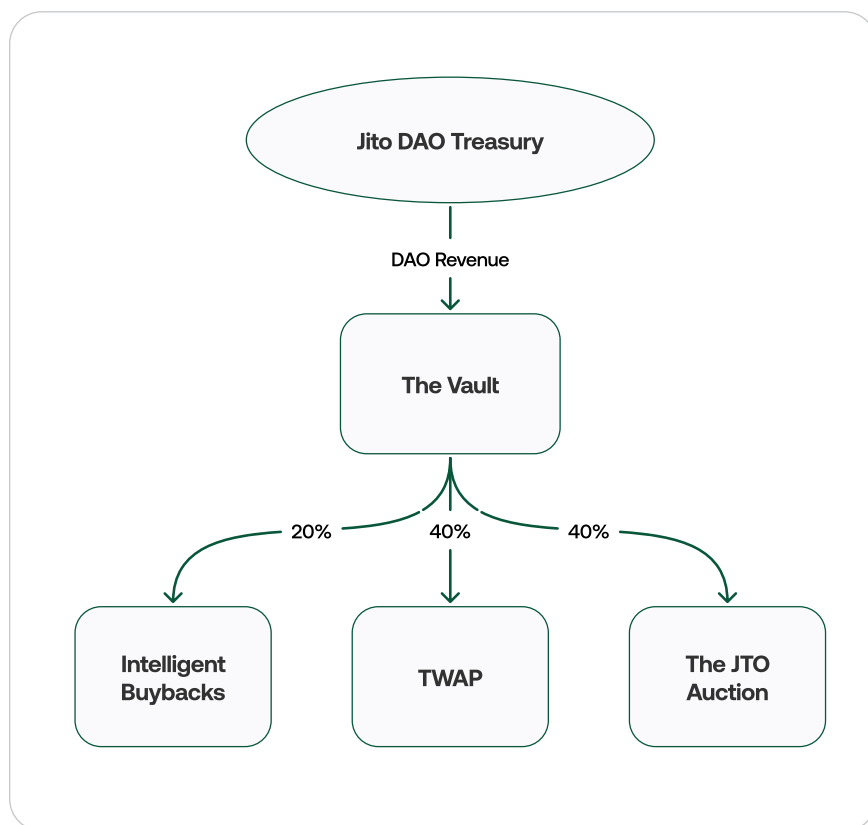
- **The Vault** — the treasury engine that accumulates JitoSOL yield and execution-layer fees for deployment.
- **The JTO Auction** — a mechanism that redistributes protocol value to the market via competitive auctions or reverse-Dutch burns.
- **TWAP Buybacks** — programmatic token repurchases based on time-weighted average price, ensuring steady and predictable on-chain value accrual.

The Mechanisms: The Vault

The Vault is a smart contract meant to serve as a bridge between the DAO and the various value accrual mechanisms that the CSD develops.

The Vault is designed to be flexible – theoretically capable of “plugging in” to any value accrual mechanism that may be deployed in the future. Additionally, it is designed to allow the DAO the ability to toggle between these mechanisms, and control what percentage of incoming revenue is routed to a particular value accrual strategy. Ultimately, it is meant to extend the technical capacities of the DAO, allowing it to execute whichever value accrual strategies are ideal at a given time.

The Vault has been in development with assistance from Exo Technologies, and is expected to be ready for deployment by the end of Q2 2026.

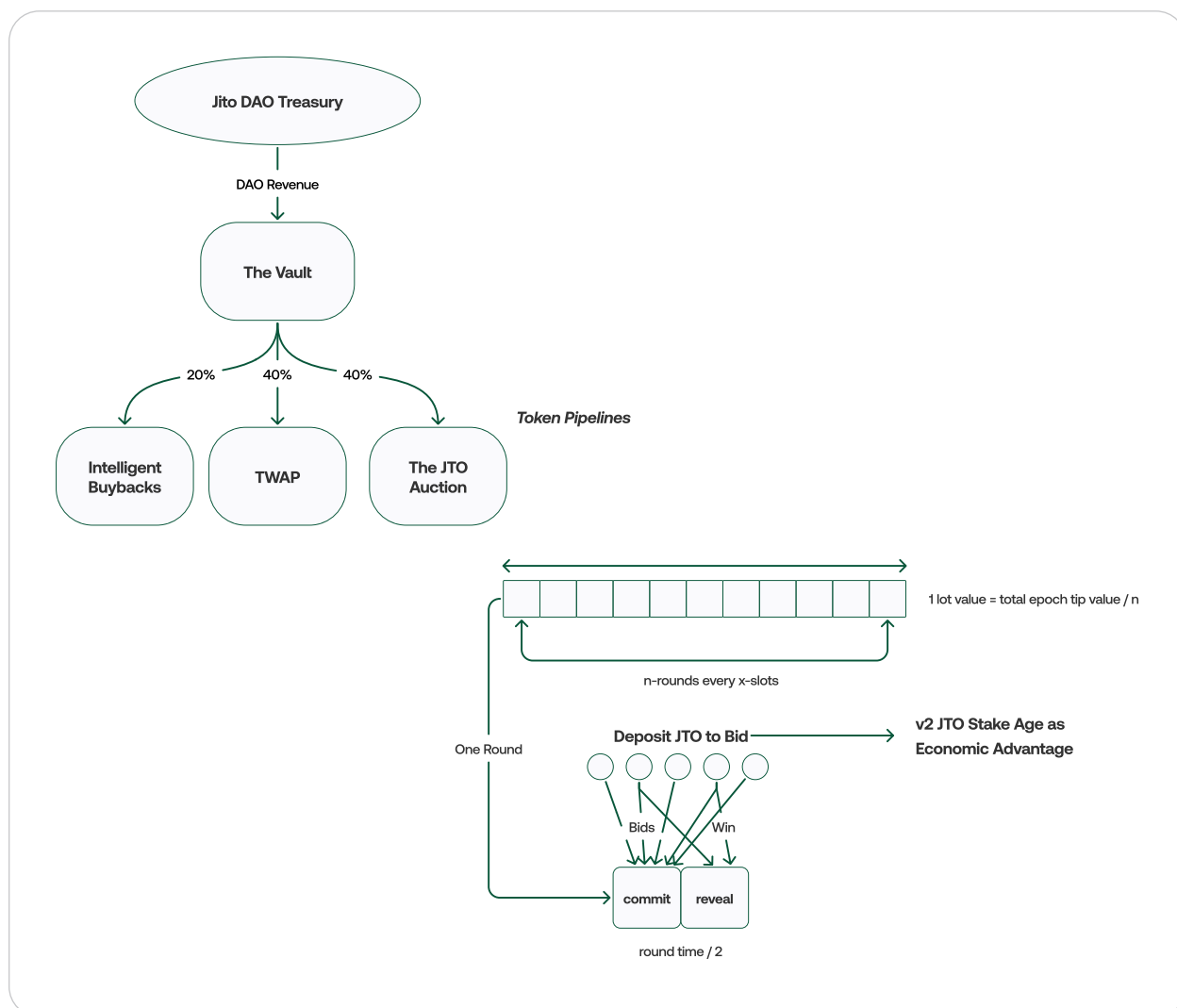


The Mechanisms: The JTO Auction

The JTO auction is a buyback mechanism designed to push execution responsibility from the DAO to sophisticated onchain capital allocators.

Initially designed by CSD member Ian Unsworth and modeled on the Euler buyback mechanism, this contract would hold an auction at regular intervals (every epoch in the example below) for the sum of JitoSOL fees collected during that period. The auction would be held in JTO, and the proceeds would be returned to the DAO – meaning that the DAO is effectively selling JitoSOL for JTO at regular intervals.

A v1 model is currently in development by Exo Technologies, and is expected to be ready for production in Q1 2026.



The Mechanism: TWAP

To date, the CSD has executed past and ongoing buybacks using Jupiter's TWAP feature. However, this platform takes a small fee, and can be replicated with additional features, such as order size randomization, to make frontrunning more difficult.

The CSD will work with developers to engineer and deploy a more sophisticated TWAP mechanism in Q1 2026.

Buybacks

The CSD has executed two buybacks: one totalling \$1m, and a second totalling \$1.5m. Additionally, a buyback is currently underway.

The first buyback sequence, was executed as a four phase programme designed to explore the parameter space of timing and size using a well tested DCA programme:

PHASE 1

- Strategy: \$100k buyback - buy hourly over 2.5 days
- Size: Averaged 7.44 JitoSOL per transaction.
- Prices: Achieved an average JTO price of \$1.7164 and JitoSOL price of \$223.85.

PHASE 2

- Strategy: \$100k buyback - buy every 2 minutes over 2.5 days
- Size: Averaging 0.24 JitoSOL per transaction.
- Prices: JTO at \$1.9458 and JitoSOL at \$252.40.

PHASE 3

- Strategy: \$400k buyback - buy every 1 minute over 2.5 days
- Size: Averaging 0.46 JitoSOL per transaction.
- Prices: JTO at \$1.9927 and JitoSOL at \$252.80.

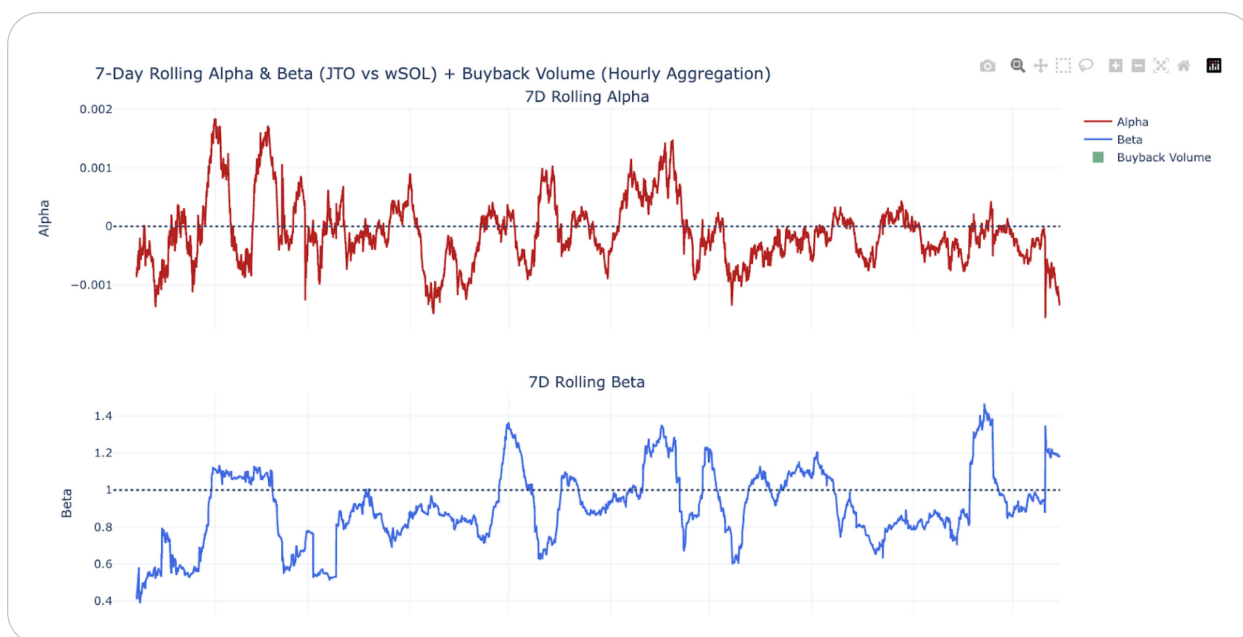
PHASE 4

- Strategy: \$400k buyback - buy hourly over 2.5 days.
- Size: Averaging 26.52 jitoSOL per transaction.
- Prices: JTO at \$1.9067 and JitoSOL at \$246.38.

This buyback sequence was executed between August 22nd 2025 and 1st September 2025.



Additionally, the CSD conducted data analysis of market alpha and beta in reference to the buyback activity. The goal was for buyback interventions to add market alpha above holding spot SOL (beta). Early evidence suggests that this has happened in aggregate over buyback periods. More data necessary to confirm.



Going into late September and the second phase of buybacks, the CSD's evolving strategy was to run buyback "sequences" over monthly time windows. This will provide the pre-requisite raw materials for independent researchers incentivised by the subDAO to discover execution optima and sustainable approaches to automated buybacks. In total, the CSD has accumulated more 2.15m JTO and an average price of \$1.52.

As of mid-October, the CSD has entered its third phase of buybacks, initiated shortly after the flash crash on October 10th. We will continue to experiment and collect data, which we intend to open-source in a more thorough manner in time. We welcome questions and comments in the meantime.

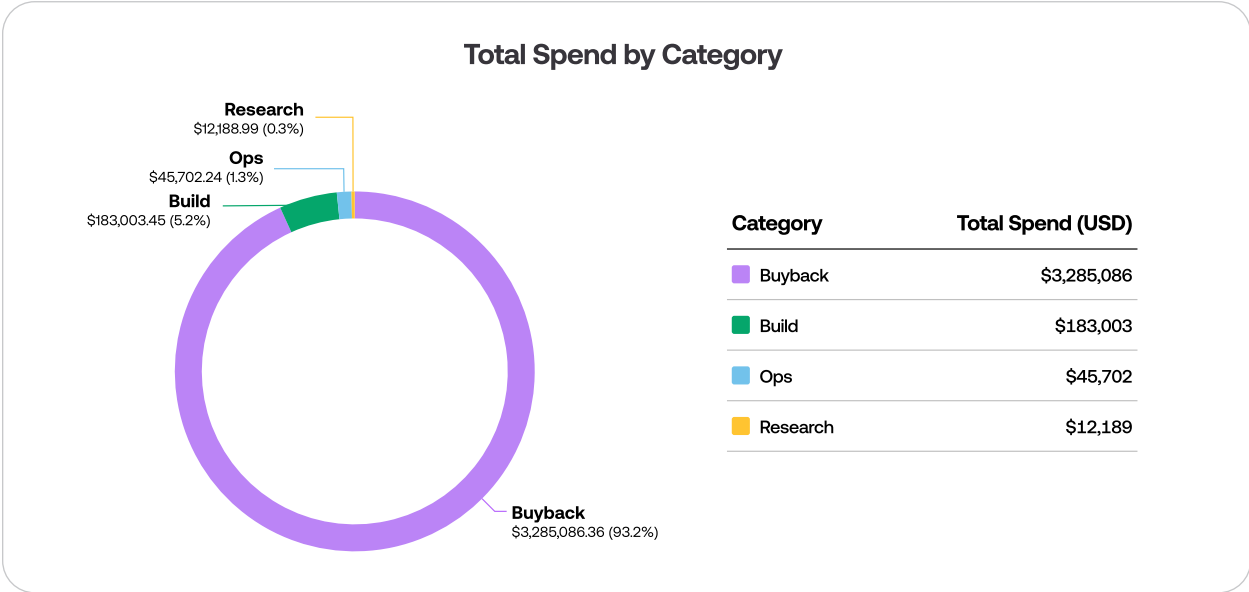


Full Expenses

To date, 98% of the CSD’s spend has been on either direct buybacks or engineering costs. This ratio will likely continue as buybacks continue and smart contract work, including auditing, continues. However, the CSD may begin contracting more research, which could slightly skew expenses away from buybacks and engineering, but not by a significant percentage. Additionally, JIP-17 mandates that the CSD must not exceed 20% of budgetary spend on non-buyback/non-engineering activities, and the CSD commits to remaining significantly under-budget to the best of its ability.

The CSD commits to open-sourcing the vast majority of both the code and research it contracts in time.

Treasury Spend Breakdown

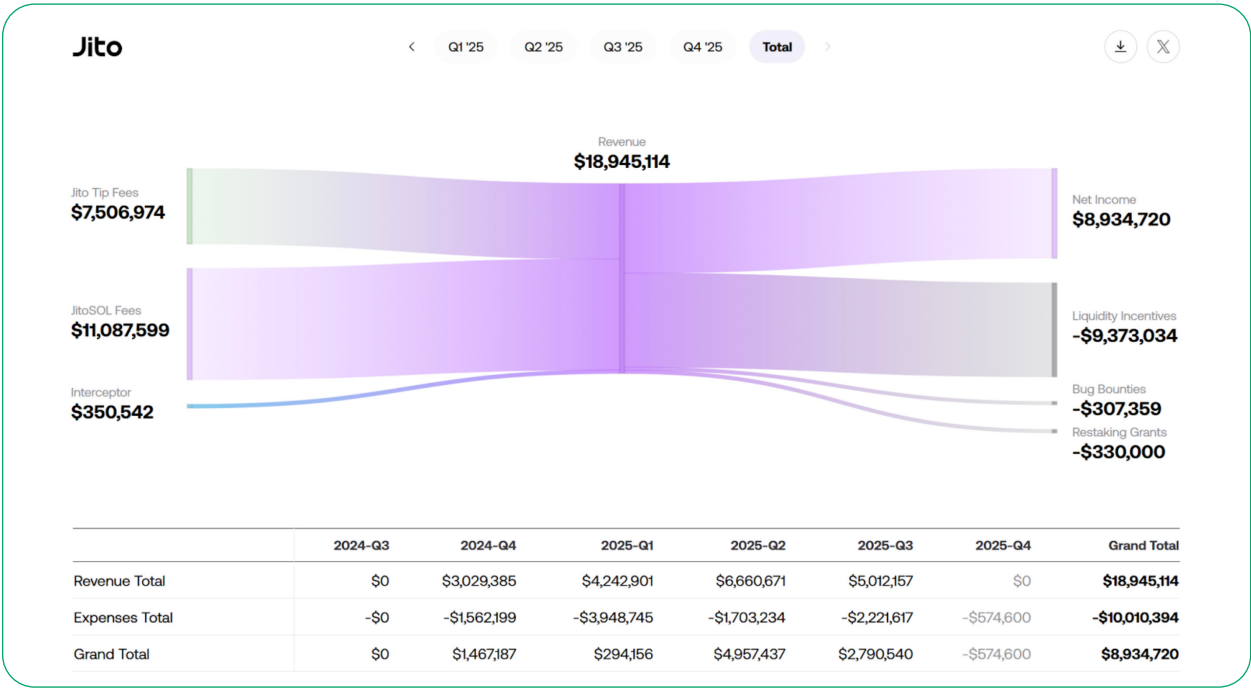


Protocol Owned Liquidity

Following the events of 10/10, during which JTO crashed to as low as \$.35 on some trading venues, the CSD will begin examining protocol-owned liquidity (POL) in-depth.

Other, larger assets fell to effectively zero due to the liquidation cascade, and the DAO is an ideal entity to serve as a liquidity provider of last resort in order to buffer JTO during similar black swan events.

Additionally, liquidity mining efforts are by far the largest current DAO expenditure, and POL is potentially revenue-generating, making it a strong alternative to liquidity mining.



The CSD would like to issue a formal **call for researchers** to explore POL and how the DAO might most effectively implement it.

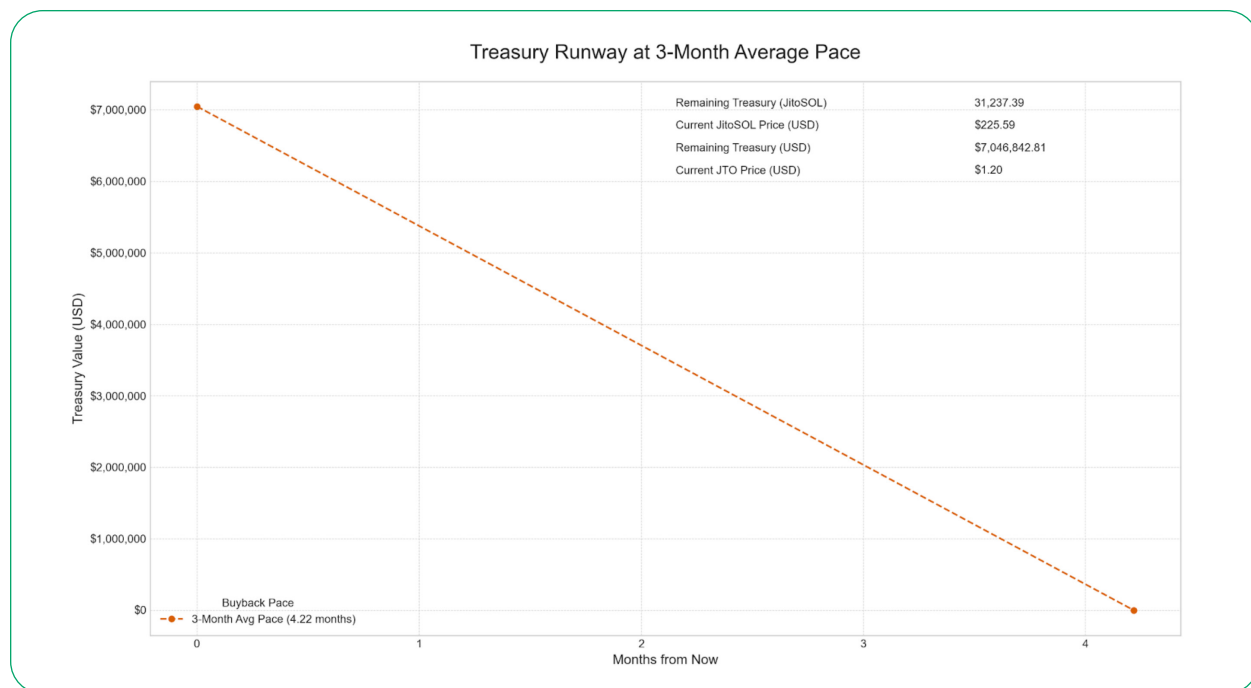
Future Buyback Schedule

Given the success of previous buybacks and the mandate issued to the CSD in JIP-24, **moving forward the CSD will devote all revenue earned by the DAO to buybacks.**

The CSD believes that the DAO’s current reserves of JitoSOL, SOL, and various VRTs are a sufficient treasury to preserve optionality without having to liquidate JTO. Meanwhile, current market conditions mark this as an ideal time to be purchasing JTO on the market.

The mechanism for these buybacks will be backwards-looking, in which the CSD purchases the equivalent to however much JitoSOL the DAO treasury earned in the previous month.

This will accelerate the burn down of the subDAO treasury based on hitting buyback sequences that hit a par with monthly revenue generation rates for the network. While the goal is to ship mechanisms that replace the subDAOs TWAP inputs as soon as possible, it is likely that the subDAO will go back to the DAO to ask for additional runway if the DAO thinks the subDAO is taking correct steps.



Conclusion

The past quarter marks a turning point for the Jito DAO's cryptoeconomic evolution. With **100% of protocol revenue now routed to buybacks**, and with the foundation of autonomous execution tools being built by the CSD, Jito is charting a course toward a self-sustaining economic engine that transparently ties network performance to tokenholder value. This commitment to buybacks can be altered by the DAO at any time, and the CSD will be researching other value-accrual mechanisms while buybacks are underway.

But this system will only be as strong as the community that builds and stewards it. The CSD's next phase depends on deep collaboration between mechanism designers, economists, and researchers working to refine our buyback systems, develop optimal liquidity models, and advance protocol-owned liquidity (POL) frameworks.

If you're a researcher interested in analyzing buyback mechanisms or POL design, the CSD is actively funding independent work in these areas. Reach out directly to Nick Almond (nick@jito.network) to propose a research direction or request support. The CSD also welcomes live discussions and proposals on the Jito Governance Forum.

We look forward towards a future where the Jito Network's value flows seamlessly on-chain to JTO tokenholders.