

Principles and Tenets

The draft constitution contains both principles and tenets. The principles are contained in the preamble, and the tenets are contained in Article 1. The principles arose from the values that the Cardano ecosystem has held from the beginning. The tenets arose to define limits to how Cardano Blockchain development can progress so that the ecosystem principles are not violated. Tenets are intended to provide more explicit guidance to the Constitutional Committee than principles. That is, governance actions are intended to be evaluated in accordance with the Tenets, but if circumstances exist where the Constitutional Committee believes that the Tenets do not provide sufficient or appropriate guidance, the Constitutional Committee may also consider the principles contained in the preamble when evaluating a proposed governance action.

There are several challenges when defining principles and tenets, which motivated the questions for this topic. Some challenges include:

- Keeping the principles and tenets brief.
 - The more we have, the easier it is to find inconsistencies between them. Inconsistencies make it difficult for the Constitutional Committee to make decisions, as they must weigh the value of one principle/tenet over another.
 - The more principles/tenets we have, the easier it is for one principle or tenet to be picked as an argument for any opinion.
- Ensuring completeness of tenets. If the tenets are intended to guide blockchain development, have we captured the most important safeguards to uphold our principles?
- Articulating the difference between a principle and a tenet, and how each should be used.

Workshop Question 1

1. Do you believe the tenets in Article I, Section 1 appropriately reflect the ethos of the Cardano Blockchain?

- 1 - strongly disagree
- 2 - disagree
- 3 - neither agree nor disagree
- 4 - agree
- 5 - strongly agree
- Unsure

1a. Please provide your answer (1-5/Unsure) and rationale for Question 1.

- Enter text.

Why Question 1 is important: The tenets arose to define limits to how Cardano Blockchain development can progress so that the ecosystem principles are not violated. If the community feels that the tenets do not uphold the principles of the Cardano community, a tension between development work and the constitution could develop.

Workshop Question 2

2. Should there be an additional tenet addressing financial sustainability of the Cardano Blockchain ecosystem? [Pertains to Art and Guardrails section 2.2 Economic Parameters.]

- Yes
- No
- Unsure

2a. Please provide your answer (Yes/No/Unsure) and rationale for Question 2. If you answered yes, consider if this new tenet should include an absolute cap on the circulating supply of ada.

- Enter text

Why Question 2 is important: This question stems from the importance of ada to the network's operation. Because it is so foundational, it may be worth codifying as a tenet, and may be done so in many different ways. The example on the cap to circulating ada is here because it has already been of interest to the community. We distinguish between the total ada supply and circulating ada, recognizing that in the future, there may be ada locked in places that take it out of circulation.

Financial Sustainability of Cardano

After the Chang hard fork, there will be greater access to the Cardano Treasury because treasury withdrawals are on-chain governance actions. Both budgeting and withdrawals from the Cardano Treasury will be a community process. The Constitution mandates that no amounts can be withdrawn from the Cardano Treasury unless the withdrawal is being made in accordance with a budget for the Cardano Blockchain that has been previously approved by ada owners.

The Cardano Treasury is an internal source of funding for the ecosystem, potentially becoming a cornerstone of funding for the development activities of the Cardano Blockchain, among many other ecosystem activities. With a new mechanism to access the Cardano Treasury comes new governance processes. The stability of the Cardano ecosystem is impacted by the use of the Cardano Treasury to reward and support various actors. So, the following processes may merit further definition within the constitution:

- The process to agree on a Cardano Treasury Budget
- Cardano treasury management. At a minimum, treasury management will relate to the amount of the Cardano Treasury that is accessible during each budget cycle. It will also relate to oversight of the use of Cardano Treasury funds once withdrawn, ensuring the funds are used in accordance with the budget.

Workshop Question 3

6. Contractual obligations governing the use of ada received from the Cardano Blockchain Treasury could be mandated to include dispute resolution provisions. Discuss your thoughts on if the Constitution should require these dispute resolution provisions. [Pertains to: Article 3, Section 8.]

Should the Constitution require these dispute resolution provisions?

- Yes
- No
- Unsure

6a. Please provide your answer (Yes/No/Unsure) and rationale for Question 06.

- Enter text.

Why Question 6 is important: While on-chain approval to disburse funds from the Cardano Treasury is well defined, the process to oversee the use of funds is not. In a decentralized ecosystem like Cardano, there is little precedent for handling commercial disputes, and we may want to define some guidance in the Constitution. Keep in mind that dispute resolution provisions can still be included in contracts if not mandated in the Constitution, but may be deemed so important that it must be stated in the Constitution. Also keep in mind that even if the Constitution does mandate the use of dispute resolution provisions, there may be no way to actually enforce such a requirement.

DReps

Delegated representatives (DReps) are one of three governing bodies for on-chain governance. DReps provide owners of ada with the option to delegate their voting rights. When voting rights are delegated, a DRep votes on behalf of others. Fulfilling this role is expected to take time, requiring the monitoring of governance actions, expertise and research on topics up for vote, and communication with delegates. There has already been innovation around the form a DRep takes. The community is experimenting with script-based DReps, this includes native or plutus scripts (i.g. Multi-signature based DReps), as well as individual DReps. In addition, some people will register as a DRep to be able to cast votes directly, not for the purpose of representing others.

Delegates must trust their DRep to vote on their behalf, but can ultimately pick a different DRep if unsatisfied and redelegate. With CIP-1694's liquid democracy model, delegation can be moved away from a DRep at any time. Finally, any requirements placed on DReps are likely a tradeoff between governance ideals and overall DRep participation.

Workshop Question 4

11. The draft constitution currently states: "DReps are expected to adopt codes of conduct from time to time governing their activities as DReps and make such codes of conduct publicly available." [Pertains to: Article III, Article IV.]

What should the constitution require related to DRep codes of conduct (select all that apply)?

- (a) DRep codes of conduct should be on-chain
- (b) One code of conduct for all DReps
- (c) Flexibility for each DRep to adopt its own code of conduct
- (d) The Constitutional Committee should determine whether DRep code(s) of conduct are consistent with the Constitution
- (e) Other guidelines for DRep codes of conduct
- (f) None of these

11a. Please provide your answer(s) (a/b/c/d/e/f) and rationale for Question 11. You may submit multiple responses. Please submit one response for each item you selected in Question 11.

Context:

- (a) DRep codes of conduct should be on-chain
- (b) One code of conduct for all DReps
- (c) Flexibility for each DRep to adopt its own code of conduct
- (d) The Constitutional Committee should determine whether DRep code(s) of conduct are consistent with the Constitution
- (e) Other guidelines for DRep codes of conduct

(f) None of these

Enter text.

Why Question 11 is important: DReps will act as a voice of ada owners and will be empowered to vote for ada owners who have put faith in the DReps they delegate to. Additionally, DReps are a new governing body for Cardano and we will learn much over the next few years as to how the DRep process works. Therefore, it may be important to address DRep conduct in the Constitution. On the other hand, da owners are free to delegate and un-delegate from DReps to signal their (dis)approval of a DRep at any time. Therefore, market forces may themselves be sufficient to govern DRep behavior.. This question addresses whether the Constitution itself should include specific behavioral standards applicable to DReps.

Constitutional Committee (CC)

The Constitutional Committee is responsible for reviewing the constitutionality of all on-chain governance actions, except an update to the committee and the state of no confidence. CC members will be tasked with the challenge of interpreting the Cardano Constitution where there is no clear “right” answer. This may require consulting outside experts and in-depth deliberation among members to reach a decision. Additionally, CC members must generate and securely manage a set of credentials to identify themselves on-chain. Unlike the liquid democracy model of DReps and delegation scheme for SPOs, CC members are elected for a term and can only be replaced before the term ends by a vote of the DReps and SPOs.

The Interim CC election was held in June 2024. The voting process included an application for candidates to complete and a vetting process that was conducted by Intersect to ensure legitimate applications were progressed. The only application omitted was due to a claim of impersonation. The election had a mixture of organizations, groups of individuals, and individual candidates. Some candidates created a website to promote themselves, and Intersect hosted a public X space for candidates to answer questions. A stake-based, ranked-choice vote determined the winners. The Interim CC consists of 7 members, none of which are individuals, all serving a 73-epoch (~one year) term.

Workshop Question 5

17. The Constitutional Guardrails specify a minimum and maximum size for the CC and minimum and maximum term lengths but does not otherwise address details on the composition of the CC. [Pertains to: Article VI and Guardrails Maximum Constitutional Committee Term (CMTI) and The minimum size of the Constitutional Committee (CMS).]

Select additional provisions that the Constitution should include:

- (a) How the number of CC members are determined
- (b) A fixed number of CC members (consistent with the Guardrails)
- (c) How term limits for CC members are determined
- (d) A fixed term limit for the CC members (consistent with the Guardrails)
- (e) Other
- (f) None of these

17a. Please provide your answer(s) (a/b/c/d/e/f) and rationale for Question 17. Consider: What size or term length do you have in mind? Should these values be fixed, relational, or determined by on-chain voting?

Context:

- (a) How the number of CC members are determined
- (b) A fixed number of CC members (consistent with the Guardrails)
- (c) How term limits for CC members are determined
- (d) A fixed term limit for the CC members (consistent with the Guardrails)

- (e) Other
- (f) None of these

Enter text

Why Question 17 is important: The Constitutional Guardrails specify the minimum and maximum term limit (3mo-3yrs) and CC size (3-10 members). However, the draft constitution does not specify how terms and size are determined within the minimum and maximum limits. It may be desirable to clarify the CC size and term lengths so the community has clear direction when electing the CC following the expiry of Interim CC terms.