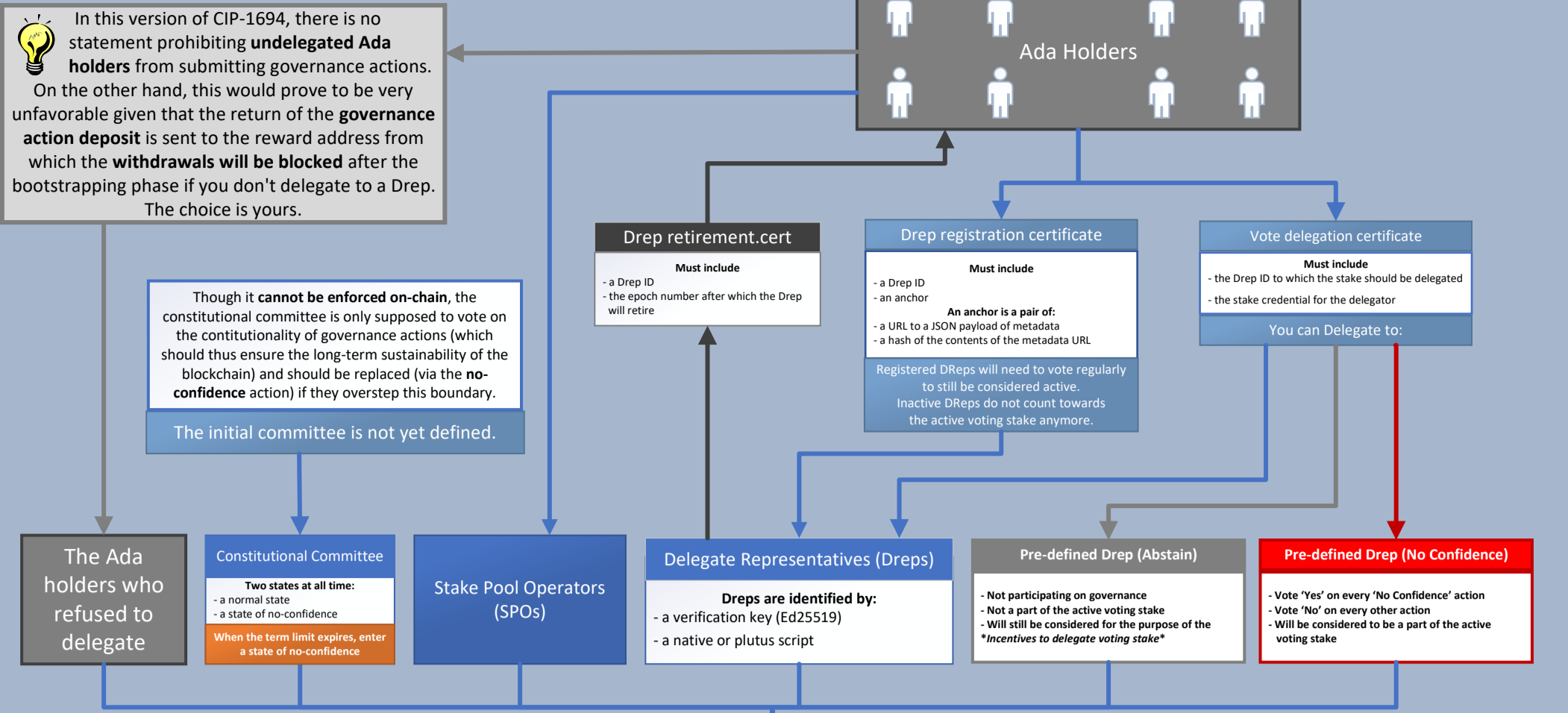


The Governance Bodies

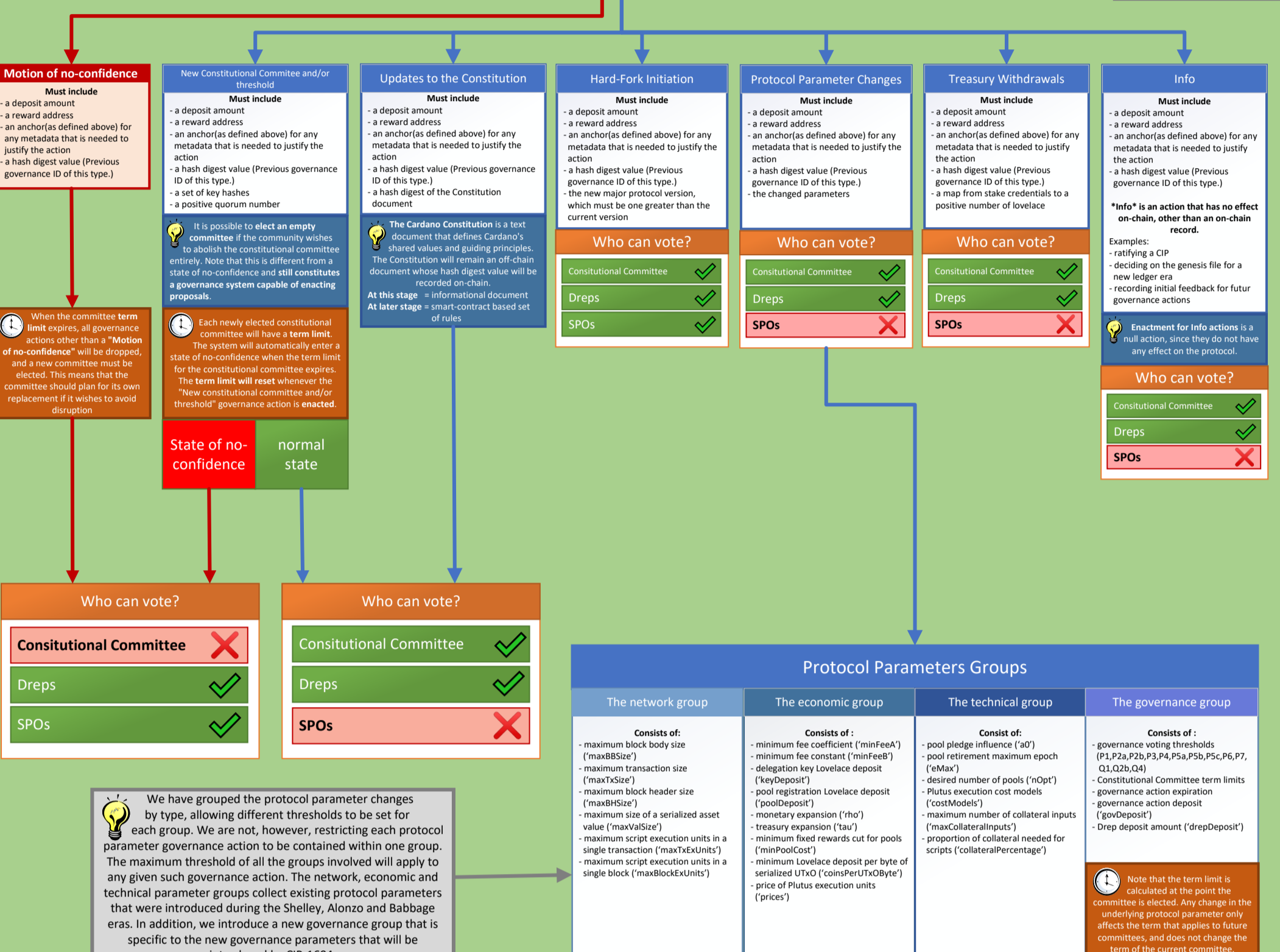


Any Cardano user will be allowed to submit a governance action.

Governance Actions

The deposit amount for submitting a governance action will be added to the deposit pot, similar to stake key deposits. It will also be counted towards the stake of the reward address it will be paid back to, to not reduce the submitter's voting power to vote on their own (and competing) actions.

Note that an anchor is a pair of:
- a URL to a JSON payload of metadata
- a hash of the contents of the metadata URL



The Votes

Building the Transaction

Note that an explicit vote to abstain differs from abstaining from voting. Unregistered stake that did not vote behaves like an 'Abstain' vote, while registered stake that did not vote behaves like a 'No' vote

Whats in the vote TX?

- a governance action ID
- a role
- a governance credential witness for the role
- an anchor for information (as defined above) that is relevant to the vote

Dreps

For Dreps, the number of votes that are cast (whether 'Yes', 'No' or 'Abstain') is proportional to the Lovelace that is delegated to them at the point the action is checked for ratification. Votes from unregistered Dreps count as having zero stake.

Yes No Abstain

SPOs

For SPOs, the number of votes that are cast (whether 'Yes', 'No' or 'Abstain') is proportional to the Lovelace that is delegated to them at the point the action is checked for ratification. Votes from unregistered SPOs count as having zero stake.

Yes No Abstain

Constitutional Committee

For constitutional committee members, each current committee member has one vote. The committee threshold (the fraction of committee 'Yes' votes that are required to ratify governance actions) is not fixed and can also be varied by the governance action.

Yes No Abstain

Votes can be cast multiple times for each governance action by a single credential. Correctly submitted votes override any older votes for the same credential and role. That is, the voter may change their position on any action if they choose. As soon as a governance action is ratified, voting ends and transactions containing further votes are invalid.

Sign and submit the vote

Governance State Examples:

When a governance action is successfully submitted to the chain, its progress will be tracked by the ledger state. In particular, the following will be tracked:

Each of these voting thresholds is a governance parameter. The initial thresholds should be chosen by the Cardano community as a whole. It may make sense for some or all thresholds to be adaptive with respect to the Lovelace that is actively registered to vote. For example, a threshold could vary between 51% for a high level of registration and 75% for a low level registration.

What will be tracked?

- the governance action ID
- the epoch that the action expires
- the deposit amount
- the rewards address that will receive the deposit when it is returned

- the total Yes/No/Abstain votes of the Constitutional Committee for this action
- the total Yes/No/Abstain votes of the Dreps for this action
- the total Yes/No/Abstain votes of the SPOs for this action

Governance action Example A

Treasury Withdrawal

Constitutional Committee Votes = ✗

Dreps votes = Yes 37%, No 60%, abstain 3%

SPOs = Votes do not apply

Governance action Example B

Protocol Parameter Changes

Constitutional Committee Votes = ✓

Dreps votes = Yes 89%, No 9%, abstain 2%

SPOs = Votes do not apply

Governance action Example C

Motion of No-Confidence

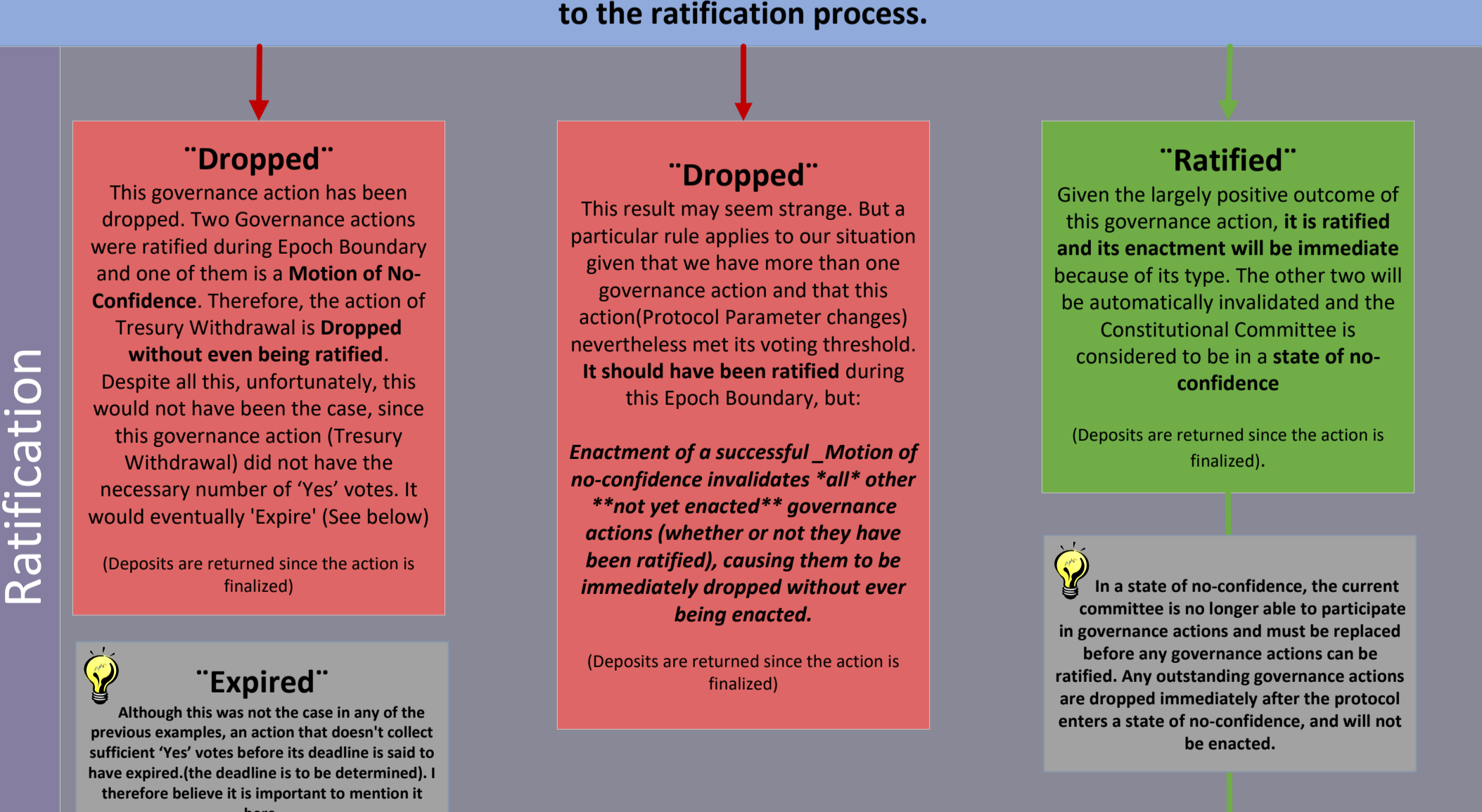
Constitutional Committee votes do not apply

Dreps votes = Yes 92%, No 7%, abstain 1%

SPOs Votes = Yes 99%, No 1%, abstain 0%

Epoch Boundary

Given that 1 or more Governance actions have had votes that meet their threshold, we can now move on to the ratification process.



Epoch Boundary

Some actions are enacted immediately (i.e. at the same epoch boundary they are ratified), others are enacted only on the following epoch boundary.

Actions that have been ratified in the current epoch are prioritized as follows for enactment:

Governance action type	Enactment
1. Motion of no-confidence	Immediate
2. New Constitutional Committee or change to the threshold	Immediate
3. Updates to the Constitution	Immediate
4. Hard Fork initiation	Next epoch boundary
5. Protocol parameter changes	Next epoch boundary
6. Treasury withdrawals	Immediate
7. Info	Immediate

★ "ENACTED" ★