VOTE NO

GOVERNANCE ACTION REVIEW

Net Change Limit (Epoch 613 to Epoch 713)

JAN 2026

AGORA RESEARCH BUREAU

GOVERNANCE ACTION TECHNICAL SUMMARY

Governance Action Title	Net Change Limit (Epoch 613 to Epoch 713)
Governance Action Type	Info Action
Governance Action ID	gov_action1m3xx08yv788vfxqh6nfvrjtvmqpwezsy0ggaczctkyjmttc2wmxsq4jsr7q
Legacy Governance Action ID (CIP-105)	dc4c679c8cf1cec49817d4d2c1c96cd802ec8a047a11dc0b0bb125b5af0a76cd#0
Autor	Intersect
Governance Action Submission Date	9th Jan 2026
Governance Action Submission Epoch	605
Governance Action Expiration Date	8th Feb 2026
Governance Action Expiration Epoch	612
Proposal External Link	Abstract on GovTool
Governance Action Metada Link	ipfs://bafkreidpcmogdet4beysyxq4u7l2qywplbfnahudyevqjcu2yxiceurn3u
Anchor Hash	ed54ad31d48602ce7c30eba13c209c71dcb63d6eb9906345a3367acec65175ad

SUMMARY

Governance Action Summary

This Governance Action proposes establishing a Net Change Limit (NCL) required by the Cardano Constitution, defining the maximum amount of lovelace that can be withdrawn from the treasury during a specified period. The proposed NCL starts at the beginning of Epoch 613 (13 February 2026) and ends at the close of Epoch 713 (3 July 2027), setting a cap of 350,000,000,000,000 lovelace (350M ADA) for total withdrawals across that window.

The NCL is intended to be applied when reviewing Treasury Withdrawal governance actions for compliance with Article IV of the Cardano Constitution and the Treasury Withdrawal Guardrails in Appendix I. The rationale defines 2025 “Net Income” as treasury inflows from Epoch 532 through Epoch 604, totaling 306,940,195 ADA, and sets the limit at 350M ADA (about 115% of that figure), driven in part by inclusion of a previously approved 50M ADA Stablecoin DeFi Liquidity Budget. An adjustment to the period length is justified as a way to realign the NCL cycle with a mid-year budget season and ensure completed prior-year inflow data exists when setting the next NCL.

About Agora

Agora is an independent initiative focused on improving the quality and decentralization of decision-making in the Cardano ecosystem. It brings together research, education, and community advocacy to foster a more transparent, informed, and accountable network.

Agora Research Bureau is its analytical arm, organized into two branches: Agora Research Voltaire, which analyzes governance actions and on-chain voting, and Agora Research Catalyst, which evaluates funding proposals and milestones.

This report was produced by Agora Research Voltaire to promote transparency and accountability in Cardano’s decentralized governance.

Agora publishes open-access reports with clear rationale and critical assessments — complementing the on-chain vote metadata submitted by Agora as a registered Voltaire dRep, and offering context to support informed participation and public scrutiny.

UPSIDES

The Net Change Limit is not optional under the constitutional treasury framework. Without a formally agreed cap, Treasury Withdrawals become unconstitutional and blocked, creating operational stalemate and preventing execution of initiatives that depend on on-chain funding. Approving an NCL keeps the funding mechanism functional and avoids leaving treasury governance in limbo due to absence of a basic parameter.

Even with weak proposer framing, a technically favorable point remains: once annualized across the longer time window, the effective spend rate per unit of time tends to be lower than the prior active cap. Even where “115% of inflow” sounds negative at first glance, the longer period dilutes the cap and can represent tighter fiscal discipline on a time-adjusted basis.

The inclusion of spreadsheets and assumptions is treated as a positive. This does not resolve governance problems, but it meets a minimum acceptable baseline for auditability by enabling public scrutiny and verification instead of relying on an arbitrary figure.

DOWNSIDES

A procedural issue is raised as primary. The action was drafted while citing the prior Constitution's structure and framing, in a context where a new Constitution was already being voted on with high likelihood of ratification. Even if the older Constitution was formally active at submission time, enough information existed to anticipate that the governing text could change during the voting process. Submitting the action on that timing, without aligning language to the document about to become operative, creates unnecessary confusion and normalizes referencing dated documents and "fixing" meaning later through interpretation.

Governance by over-interpretation follows directly. When a text is outdated or misaligned with the governing document, reliance shifts to context outside the text to justify what it "was supposed to mean." On-chain governance requires auditable, self-contained text. Normalizing "the document says X, but it really means Y because everyone knows" moves governance into informal ambiguity shaped by convenience, and that precedent is not treated as acceptable.

A structural issue is identified in the rationale used to justify the cap. Incorporating a prior "signal" via an Info Action as justification to raise the NCL cap "to respect dReps' will" inverts the purpose of the NCL. The NCL is meant to function as macro discipline that forces coordination and prioritization. Calibrating the cap to fit what has already been signaled stops it from functioning as a control mechanism and turns it into a stamp for demand, producing the expectation that if the cap gets in the way, the cap will be revisited. If normalized, this encourages a race to the treasury and erodes the meaning of the parameter.

Two chronic ecosystem issues are treated as amplifiers: absence of guardrails discouraging concentration by entity and absence of an anti-bundling standard. With the NCL functioning only as an aggregate limit and no minimally structured public guidance discouraging concentration or encouraging decomposition of requests, the predictable outcome is large actors consuming disproportionate fiscal space while community-led initiatives are squeezed. Without anti-bundling pressure, incentives persist to package heterogeneous work together, blending controversial items with "must-pass" items, forcing poor compromises and weakening decision quality.

Review cadence is also treated as weak as a norm. The prior cycle saw the NCL revised multiple times to accommodate changes and new demands. Flexibility and some emergency mechanism are not rejected in principle, but the current practice is treated as too malleable. Without minimum stability, predictability, and political restraint around revisions, incentives shift toward poor planning and coordination in favor of "playing the timing game," destroying the NCL's coordinating function and discouraging fiscal responsibility.

DOWNSIDES

Methodological narrative problems are identified. The inflow description and rhetorical blending of fees and monetary expansion degrade institutional quality. Governance should not depend on a reader reconstructing intended meaning. More importantly, an explicit fiscal objective for the treasury is missing. Without stating whether the goal is preserving principal, spending aggressively for growth, or controlling drawdown through a treasury floor and contingencies, the NCL becomes a floating number supported by superficial heuristics like “don’t spend more than what comes in,” despite inflow being substantially monetary expansion that declines over time.

RISKS AND CONCERNS

Unaddressed externalities are flagged: the relationship between withdrawals and sell pressure; incentives created by budgeting in USD and converting to ADA with large cushions in a bear market; and the risk of opportunistic behavior or abandonment when ADA price moves materially. An easy solution is not claimed, and on-chain hard-coding is not demanded. A minimally professional proposal is expected to acknowledge these dynamics and provide mitigation principles, even if only as off-chain guidance or best-practice expectations.

VOTE RATIONALE

VOTE NO

A Net Change Limit is treated as necessary for constitutional treasury withdrawals, and approving an NCL is acknowledged as keeping the funding mechanism functional and avoiding governance deadlock. Technical merit is also acknowledged in the annualized interpretation of the longer window, and the presence of annexed spreadsheets and assumptions is treated as meeting a minimum baseline for auditability.

Despite those points, the document is treated as crossing an unacceptable line for governance precedent. The timing and drafting are treated as procedurally weak by anchoring language and framing in a constitution structure likely to change during the vote, increasing confusion and normalizing a practice of referencing dated documents and repairing meaning later through interpretation. That is directly linked to a broader risk: governance by over-interpretation, where context outside the on-chain text becomes the mechanism to justify meaning, undermining auditability and self-containment.

The rationale for expanding the cap is also treated as structurally inverted: using prior signaling to justify a higher limit turns the NCL from a discipline mechanism into a demand-fitting stamp, encouraging the expectation that the cap will be revisited whenever it becomes constraining. With weak or absent ecosystem norms around anti-concentration, anti-bundling, and restrained revision cadence, this pattern is treated as likely to accelerate a treasury race, weaken coordination, and erode the NCL's coordinating function.

Methodological confusion and the absence of an explicit fiscal objective further undermine institutional quality, and externalities around sell pressure and price-based incentives are treated as insufficiently acknowledged. A revised Governance Action aligned to the operative constitution and grounded in coherent premises, with at least non-binding public guidance on coordination, concentration, and anti-bundling, is treated as the appropriate path rather than approving this version as written.

CONCLUSION

An NCL is treated as required to keep treasury withdrawals operational under the constitutional framework, and the annualized framing plus annexed data provide limited technical and auditability value. Even so, procedural weakness, reliance on interpretation outside the text, demand-fitting cap logic, and missing structural norms around concentration, bundling, and revision stability are treated as unacceptable precedent for fiscal governance, leading to rejection of this version.

REFERENCES

Treasury Inflows in 2025
ipfs://bafkreia3aviaid224ntcujdy4amfg66rtk22d5nkc7kiysfkuhrfdwy2ji

Data Model
ipfs://bafkreihoyhfdt4eimzmsxjpchghtutzeglp76f4mnxrfcffi3ehwahgqfm

Cardano Constitution
ipfs://bafkreiazhhawe7sjwuthcfgl3mmv2swec7sukvclu3oli7qdyz4uhhuvmy

Definitions for the Cardano Constitution
ipfs://bafkreiewp5bgrdiesq6ft3qypykgcjhvfgpp4s5o4yrjrvko4wuhi4iecu

Ratification Methodology
ipfs://bafkreid73y3piatznscr4g2kvyf2cefmedtpurgcad6nnfhqnvlzkbmuei

SIGNATURE

Disclosure Statement

The author declares no relevant affiliations, partnerships, or incentives related to the Governance Action discussed in this report.

About the author

Independent insights and research on Cardano Governance Actions and Catalyst proposals. Focused curation and public rationale for dReps and delegators.

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