

Governance Protocol and Node Operator FAQ

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This Governance Protocol and Node Operator FAQ (the “**FAQ**”) provides information with respect to registered Node Operators (defined herein) who provide services for the Audius Protocol that are required for the operation the Audius Service (and any other third party developer apps built atop the Audius Protocol), as well as those who stake or delegate \$AUDIO Tokens in order to participate in the governance process and procedures of the Platform (each, a “**Governance Participant**”, “**you**” or “**your**”).

While we strive to keep this FAQ current and up to date, we additionally recommend that you also visit <https://dashboard.audius.org/#/governance> (the “Governance Dashboard”) to see all recent Updates and/or adopted and implemented Upgrade Proposals that may have affected the standards and requirements by which Node Operators are subject, or that may have otherwise resulted in changes to the governance and voting process for the Governance Protocol.

1. NODE OPERATORS

Types of Node Operators

The Audius Protocol currently relies on the following types of node operators to provide services for the Audius Protocol that enable the Audius Service (and any other third party developer apps built atop the Audius Protocol) to operate:

- (1) Node Operators who store and host Content published or otherwise made available on or through the Audius Service (as well as other third party developer apps built atop the Audius Protocol) by Creators and who serve and deliver such Content to Listeners (as well as any end users of such third party developer apps) (“**Content Node Operators**”).
- (2) Node Operators who (i) index metadata related to Content and facilitate the creation and maintenance of a Content search and discovery database for Listeners by operating a registered Discovery Node (defined herein) on the Audius Protocol, or (ii) develop and register a Discovery API Interface (defined herein) that is linked to the Audius Protocol via an always on call-link (“**Discovery Node Operators**”, and collectively with Content Node Operators, “**Node Operators**”).

The purpose of Content Node Operators on the Audius Protocol is to provide a means for decentralized storage of Content on the Audius Protocol and serving of such Content to the Audius Service (and other third party developer apps built atop the Audius Protocol). Those that wish to contribute to the Audius Protocol as Content Node Operators build and operate proprietary decentralized storage protocols atop existing decentralized storage projects (each, a “**Content Node**”) in order to allow Creators and/or Listeners to store/cache and share/access Content via the Audius Service (this also extends to all other third party developer apps built atop the Audius Protocol and the end users thereof).

The purpose of Discovery Node Operators on the Audius Protocol is to provide a mechanism for indexing metadata of Content uploaded by Creators so that such Content is efficiently searchable by Listeners of the Audius Service. Those that wish to contribute to the Audius Protocol as Discovery Node Operators build and register a discovery API interface (see Section 5.1 of the [White Paper](#) for more detail, “**Discovery API**

Interface") or a discovery service that extends or modifies the core API and indexes metadata of the Content that can be efficiently queried by Service Users of the Audius Service (each, a "**Discovery Node**") and that allows Service Users to effectively and efficiently search for and discover/categorize Content on the Platform (this also extends to all other third party developer apps built atop the Audius Protocol and the end users thereof).

For more information regarding Node Operators, including how to become a registered Node Operator, staking requirements, and other services, obligations and functions that Node Operators have with respect to the Platform, see our [Whitepaper](#) and the following additional resources:

<https://docs.audius.org/>

<https://github.com/audiusproject/hedgehog>

<https://github.com/audiusproject/audius-protocol/wiki/staking-resources>

<https://audiusproject.github.io/api-docs/#audius-api-docs>

2. GOVERNANCE PROTOCOL PURPOSE; STAKING REQUIREMENTS

Purpose

The goal of the Platform is to create a system whereby all registered Users are free to collaborate and share the world's music and any other Content that may be made available via the Platform in the future. The decentralized protocol on the Platform, whereby Creators, Listeners and Node Operators, are individually and collectively enfranchised in decision making about proposals for Platform changes and upgrades is hereinafter referred to as the "**Governance Protocol**".

The Governance Protocol is the process by which Governance Participants who stake and/or delegate \$AUDIO Tokens, vote on proposals, or otherwise participate in the governance process and procedures can enact change to the Audius Protocol (which in turn may require the Audius Service and any other third party service linked to the Audius Protocol to adopt conforming changes in order to properly operate) by way of Upgrade Proposals (defined below). Currently, each \$AUDIO Token staked in the Platform automatically receives weight in the Governance Protocol on a one (1) \$AUDIO Token/one (1) vote basis, so Users' proposition power and ability to have input with respect to the Governance Protocol is directly correlated to the amount of \$AUDIO Tokens a particular User has staked or delegated for Platform security.

3. GOVERNANCE PROTOCOL PROCEDURES

Governance Dashboard

Prior to submitting an Upgrade Proposal, the Governance Dashboard (<https://dashboard.audius.org/#/governance>) is the best and primary place for Governance Participants to discuss ideas, outline the details of a potential Upgrade Proposal, and formalize those details and ideas prior to submitting the Upgrade Proposal for an on-chain vote. Governance Dashboard discussions surrounding a potential Upgrade Proposal typically address the following details:

- (i) Title – what the Upgrade Proposal is about.
- (ii) Summary – brief explanation of the Upgrade Proposal.
- (iii) Abstract – what will be done if the Upgrade Proposal is implemented / any additional context;
- (iv) Motivation – your reasoning behind the Upgrade Proposal, and why it benefits the Service; and

- (v) Specification – what voting for or against the Upgrade Proposal means.

Upgrade Proposal Process

Currently, upgrades to the Audius Protocol may only be submitted by Governance Participants who are Node Operators, including deployed code in connection with such Upgrade Proposal when necessary, to all other Governance Participants of the Governance Protocol (“**Upgrade Proposal**”). Upgrade Proposals may address any potential upgrade or change to the Audius Protocol, including, without limitation, new features or feature integrations, royalty rates, \$AUDIO Token distribution processes, community grants, fee allocations, staking rewards, treasury management, etc. The details of the Upgrade Proposal should map to the specifications outlined in the Governance Dashboard post, including details and implementations around any technical changes required for the proposal to be implemented.

Each Upgrade Proposal will contain a breakdown of the following parameters:

- (i) Proposer – the Node Operator responsible for submitting the Upgrade Proposal;
- (ii) Description – a short synthesis of what the Upgrade Proposal addresses;
- (iii) For – the amount of votes in favor of the Upgrade Proposal; and
- (iv) Against – the amount of votes against the Upgrade Proposal.

Prior to submitting an Upgrade Proposal, a Node Operator will be required to bond a set number of \$AUDIO Tokens in the Governance Protocol (in addition to the \$AUDIO Tokens staked to operate their respective node), which may be withdrawn if such Node Operator chooses to withdraw the accompanying Upgrade Proposal prior to the Upgrade Proposal Effective Date (defined herein).

Node Operators must include in any Upgrade Proposal a block count at which point such upgrade goes into effect (“**Upgrade Proposal Effective Date**”); such effectiveness date shall be a minimum one (1) week from the date of submission. Prior to the Upgrade Proposal Effective Date, all Governance Participants (both Node Operators and Service Users) who are eligible to vote may submit a binary yes or no vote on it.

4. Voting

Quorum; Voting

All Upgrade Proposals are currently subject to a quorum of five percent (5%) of staked \$AUDIO Tokens, and a fifty percent (50%) majority vote. This means that for an Upgrade Proposal to be passed, at least five percent (5%) of all \$AUDIO Tokens then-currently staked at the time of such Upgrade Proposal must vote, and more than fifty percent (50%) of such votes must “yes” on the particular Upgrade Proposal.

Prior to the Upgrade Proposal Effective Date, Governance Participants may submit a binary yes or no vote on it.

Delegating Votes

Governance Participants are also permitted to delegate their vote to one other Governance Participant or groups of Governance Participants, such that if a Governance Participant chooses not to vote on a specific Upgrade Proposal, their designated delegate’s vote will be used in place of their own.

For more information about delegating \$AUDIO Tokens, please see our blog post, “*How To Delegate \$AUDIO*”, located at <https://blog.audius.co/article/how-to-delegate-audio>.

Please note that the above Governance Protocol and correlating processes may change or be updated from time-to-time in line with new tools, product upgrades and onramps to allow for all Users who hold \$AUDIO Tokens to easily review and participate in governance decisions, regardless of their technical knowledge.

For more information about the Governance Protocol, please see our blog post “*How Audius Governance Works*”, located at <https://blog.audius.co/posts/how-audius-governance-works>, and “*Why Governance Matters*”, located at <https://blog.audius.co/posts/why-governance-matters>. For more information about past and current Upgrade Proposals, please see the Governance Dashboard, located at <https://dashboard.audius.org/#/governance>.