

Hello Super Validators

Please give a warm welcome to the GSF Super Validator rep, Fernando Vazquez!

By my count, the addition of the GSF to this group now makes 13 voting SVs in the CIP process meaning we need to hit 9 votes for any CIP to pass.

As some of you are aware, the SVs recently formed the FAV-C (a committee for reviewing Featured App and Validator candidates) and we have had our first two meetings. In those meetings, we have voted to approve apps to the Featured list and also approved a number of Validators to join the Network. We have also since had our first GSF Tokenomics Working Group meeting.

Along those lines, the FAV-C is recommending that it formally become a committee at the GSF as opposed to a pure SV-led committee. The FAV-C believes that everyone would benefit from having these deliberations within GSF and, in particular, to include the community in these conversations. As the Working Group has already started meeting, CIP 0025 is more of a formality and recognition of the transfer of the responsibilities of the FAV-C to the Working Group.

Before the formation of the Working Group, the FAV-C was struggling with allotting the referral awards as described in CIP-0007. I've attached CIPs 0006 and 0007 to this email as reference.

Because the Network launched later than anticipated at the time of CIP-0007's approval, it's not really fair to the parties spinning up the apps and Validators to hold a strict July 1 deadline for the referral bonuses. Many parties were hit by the code and topology freezes of MainNet Staging. Similarly, with the pace at which we have been able to get the Working Group up and on its feet, these incentives have not been well understood or shared across the participants.

Rather than make a subjective decision as a FAV-C, we decided to raise a CIP to officially amend CIP-0007's dates and clarify what it means to be 'in the Network' by a certain date.

Please see the attached CIP-0024 with the revisions. If CIP-0024 passes, it will supersede CIP-0007.

Thank you for the quick responses!

Eric

## CIP 0024 :

### Summary

- SVs and Validators can earn SV reward weight when bringing Validators or apps to the Canton Network
- Referral rewards are skewed to encourage early participation
- Referral rewards are capped at a total increase to the pool of 20
- Referral rewards are time bound to 18 months after MainNet Launch begins

### Motivation

- Launching the PubDomain infrastructure is the key first step in enabling MainNet *but* it's not much of a Network if there aren't any users and apps
- We can improve adoption by having everyone work on broad adoption together
- Now that the MainNet is live, everyone's priority should be adoption

### Carryover and Clarification from CIP-0007

- Super Validators will be allotted a Validator slot to be approved by the FAV-C...
  - In order to operate the Super Validator:
    - 1 per SV in operation
  - In *addition* to the ones necessary to operate the SV:
    - 3 Validator rights per T1 right
    - 2 Validator rights per T2 right
    - 1 Validator right per T3 right
- Wallet and Custodian Super Validators are allotted:
  - Up to 30 Validator slots are held in reserve for each Wallet / Custodian Super Validator for up to 18 months from Launch of MainNet (June 25th, 2024)

### Proposed Changes

- Validator Referral
  - When an SV or Validator introduces a 3rd Party Validator who...
    - Is not joining as an Application Operator
    - Is not joining as a Super Validator
    - Joins the DevNet as a Validator
    - Is subsequently approved by the FAV-C to join MainNet
    - Joins MainNet
    - Performs its first transaction with a 3rd party or application on MainNet
  - Then...
    - The introducing Party will receive an increase to their SV reward weight according to Schedule A *at that time*
- Application Referral
  - When an SV or Validator introduces an application which...

- Joins the DevNet
  - Is subsequently approved by the FAV-C to become a Featured App
  - Joins MainNet
  - Performs its first transaction with a customer on MainNet
- Then
  - The introducing Party will receive an increase to their SV reward weight according to Schedule B *at that time*
  - The App Operator Party will receive an increase to their SV reward weight according to Schedule B *at that time*
- Receiving SV Reward Weight does not entitle that Party to be an SV Operator
  - If the Party receiving Reward Weight is not an SV Operator, their SV Weight will be assigned to the GSF SV and the Party will mint their rewards via their Validator
  - If the Party is an SV Operator, their additional SV Weight will be assigned to their SV
- If a Validator's membership in MainNet is revoked for any reason, the FAV-C will meet to consider recommending canceling referral bonuses related to the revoked party
- If an App's Featured status in MainNet is revoked for any reason, the FAV-C will meet to consider recommending canceling referral bonuses related to the revoked party

#### Schedule A

SV or Validator introduces ____ to MainNet	SV Reward Weight increase per connecting Validator by January 1, 2025	Reward Weight increase per connecting a Validator by July 1, 2025	SV Reward Weight increase per Validator still connected 6 months after initial connection
1-10 Validators	0.05	0.025	.025
11-25	0.075	0.05	.05
26+	0.1	0.075	0.1

#### Schedule B

SV or Validator introduces ____ to MainNet	SV Reward Weight increase for connecting an App by January 1, 2025	SV Reward Weight increase for connecting an App by July 1, 2025	SV Reward Weight increase for an App still being connected 6 months after initial connection
1+ App	1 - Granted to Referring Party	0.5 - Granted to Referring Party	0.5 - Granted to Referring Party

## Communications

**Validators approved by the FAV-C will receive the following email (Super Validators cc'd).**

Hello \_\_\_\_\_

Thank you for your interest and efforts to join the Canton Global Synchronizer. We are pleased to inform you that you have been approved to join MainNet.

Please make sure to coordinate receiving a secret to join the MainNet from the Super Validator your Validator will connect to. They can guide you through the process of promoting you to MainNet.

Please be aware that your approval is subject to revocation should:

1. Your Validator fail to connect to TestNet within 30 days, and MainNet within 90 days of allocation
2. Your Validator become idle (meaning no active connection and/or no messages or transactions) on the MainNet for 30 consecutive days after first connecting to it

Someone from the Global Synchronizer Foundation will be reaching out to you for two reasons:

1. Explore your interest in joining the GSF as a member
2. Give you an overview of the participants, services, and applications which support the Canton MainNet today

Thank you!

[signature]

**Apps approved as Featured by the FAV-C will receive the following email.**

Hello \_\_\_\_\_

Thank you for your interest and efforts to join the Canton Global Synchronizer. We are pleased to inform you that you have been approved to become a Featured App on the Canton MainNet.

Please make sure to coordinate joining the MainNet with the Super Validator your Validator will connect to. They can guide you through the process of promoting you to MainNet if you are not already there.

Please be aware that your App is subject to revoking its Featured App status if:

1. Your application does not provide utility to the Canton MainNet and its community
2. Abuses the tokenomics of the Global Synchronizer
3. Any other behaviors that the community considers an abuse of the Featured status

Someone from the Global Synchronizer Foundation will be reaching out to you for two reasons:

1. Explore your interest in joining the GSF as a member
2. Give you an overview of the participants, services, and applications which support the Canton MainNet today

Thank you!

[signature]

# CIP 0025

## Summary

- CIP-0006 and CIP-0021 called for the formation of Validator and Featured App committees
- During the voting process of CIP-0021, it was deemed beneficial to combine these two committees together
- This joint committee was labeled the Featured App and Validator Committee (FAV-C)
- Now that the GSF has had its first board meeting, it is the recommendation of the sitting FAV-C to move into the GSF into a Working Group there

## Motivation

- The FAV-C started out of necessity to approve the earliest Validators and Apps joining the MainNet
- The GSF is a better representation of the full Canton Network community and non-SVs must have a seat at the FAV-C

## Carryover and Clarification from CIP-0006 and CIP-0021

- Move the FAV-C to the Tokenomics Working Group at the GSF to vet and vote on making the Featured Application designation for network applications, approving Validators, recommending Super Validators, and any other related process
- Empower the Working Group to make decisions regarding Featured Application Designations or Validators which will be supported by the SV group via on-ledger votes
- Require that Working Group has a service level agreement of 1 week to review and vote on a matter unless a formal request for more time is made to the SVs
- Require the Working Group to provide a summary of their review and vote to the SVs upon completion of the process
- Once the Working Group has successfully passed a vote, any SV can propose an on-ledger vote to affect that change and the SVs should approve that on-ledger vote without further deliberation or delay
- Require that the Working Group's existence and responsibilities be reviewed and voted on via standard governance mechanisms at least once every 12 months.

## Proposed Changes

- Disband the FAV-C and replace with the GSF Tokenomics Working Group
- Membership in the Working Group be governed by the process of the GSF instead of a Super Validator vote