

Revised Version of EOS Constitutions (with Explanations, and Open Questions) – Stage 1 (by 17:00 GMT+8, 25 May 2018)

Original Version	Revised Version	Comments and Open Questions
Article I: No Lying No user of this blockchain shall make knowingly false or misleading statements, nor statements that constitute discrimination or harassment, nor profit thereby.	Article I: No Lying No user of this blockchain shall make knowingly false or misleading statements, nor statements that constitute discrimination or harassment, nor profit thereby.	Comments: This article should NOT be removed. 1) It sets a standard for the etiquette expected on the network. (Josh Kauffman) 2) Little abuse of this article is foreseen since it is costly to go to arbitration. (Josh Kauffman) 3) Creators of social media dApps are free to build into their governing docs for their users stronger protections of free speech. (Thomas Cox) Open Questions: Change to “No user of this blockchain shall make knowingly false or misleading statements that can result in direct harm or financial loss for other users.”? (Todor Karaivanov)
Article II: Property Rights The rights of contract and of private property shall be inviolable, therefore no property shall change hands except with the consent of the owner or by a lawful Arbitrator’s order.	Article II: Property Rights The rights of contract and of private property shall be inviolable, therefore no property shall change hands except with the consent of the owner or by a valid ruling by an Arbitrator, in accordance with Article 9 and Article 10.	Comments: 1) For the case that exchange holds custody of tokens and use the tokens to vote the way they see fit, voting power of a token is restricted by the VOTEPRODUCER Ricardian Contract (https://github.com/EOSIO/eos/blob/master/contracts/eosio.system/eosio.system.voteproducer-rc.md) There is no need to restate it. (Thomas Cox)

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<p>Article III: Property Rights</p> <p>Each Member agrees to resolve disputes through the blockchain’s default arbitration process, or any other process that the parties to a transaction may mutually agree to in advance.</p>	<p>Article III: Property Rights</p> <p>Each Member agrees to resolve disputes through the blockchain’s default arbitration process, or any other process that the parties to a transaction may mutually agree to in advance.</p>	<p>Comments:</p> <p>“Disputes”, from the viewpoint of the larger chain, society and arbitrators, should be those issues that cannot be resolved before invoking arbitration. (Thomas Cox)</p>
<p>Article IV: Voter Independence</p> <p>No Member shall offer nor accept anything of value in exchange for a vote of any type, including for Block Producer candidates, Amendments or Worker Proposals, nor shall any Member unduly influence the vote of another.</p>	<p>Article IV: Voter Independence</p> <p>No Member shall offer nor accept anything of value in exchange for a vote of any type, including for Block Producer candidates, Amendments or Worker Proposals, nor shall any Member unduly influence the vote of another.</p>	<p>Comments:</p> <p>The mere existence of the dividend is necessary a bribe. If the voters get paid as a token-holder regardless of how they vote, it would be permissible form of dividend. If the voters get paid only when they vote a given way, it’s an illegal vote-buying effort. (Thomas Cox)</p> <p>“Anything of value” is broad. Leaving it open to interpretation is an important strategy. A too specific list of “what is value” invites people to skirt the intention by walking around the letter of the law. Better to state the class of things by the function and let the facts of the specific case play out. There can and should be non-Constitutional guidance of what we as a community accept as “not enough value to sway a vote” i.e. giving away t-shirts and hats at an event, or hosting refreshments, should be acceptable activity. (Thomas Cox)</p> <p>About exchange voting, there is a clause covering this case in the voteproducer Ricardian Contract. (https://github.com/EOSIO/eos/blob/master/contracts/eosio.system/eosio.system.voteproducer-rc.md) Exchanges cannot legally vote without proof that their customer explicitly authorized them to vote on the customer’s behalf (which many are preparing to do, or claim to). So the issue can be considered resolved, or at lease consult that RC and see if its language satisfies your concerns. (Thomas Cox)</p> <p>Open Questions:</p> <p>The extreme fear that people have about this warrants its own clear article in the Const. (Josh Kauffman)</p>

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<p>Article V: Voter Independence</p> <p>This EOS Blockchain has no owner, manager or fiduciary. It is governed exclusively under the terms of this Constitution.</p>	<p>Article V: Voter Independence</p> <p>This EOS Blockchain has no owner, manager or fiduciary. It is governed exclusively under the terms of this Constitution.</p>	<p>Open Questions:</p> <p>Article V and Article VI are directly related. They can be put together, or separate to have them examined each on their merits. Should it better to combine Article V and Article VI?</p> <p>(Thomas Cox & Josh Kauffman)</p>
<p>Article VI: 10% Ownership Cap</p> <p>No Member nor any Beneficial Interest shall own more than 10% of issued tokens.</p>	<p>Article VI: 10% Ownership Cap</p> <p>No Member nor any Beneficial Interest shall own more than 10% of issued tokens.</p>	<p>Open Questions:</p> <p>Article V and Article VI are directly related. They can be put together or separate to have them examined each on their merits. Should it better to combine Article V and Article VI?</p> <p>(Thomas Cox & Josh Kauffman)</p>
<p>Article VII: Agreement to Penalties</p> <p>Each Member agrees that penalties for violations may include, but are not limited to, fines, account freezing, and reversal of transactions.</p>	<p>Article VII: Agreement to Penalties</p> <p>Each Member agrees to submit to penalties imposed upon them for violations of the Constitution or any other governing documents relevant to their role. These penalties may include, but are not limited to, fines, account freezing, and reversal of transactions.</p>	<p>Open Questions:</p> <p>The arbitration articles are separate from this constitution in order to ease the discussion of the separate elements. Should it better to combine them?</p> <p>(Thomas Cox & Josh Kauffman)</p>
<p>Article VIII:</p> <p>Block Producer Agreement</p> <p>No Member shall serve as a Block Producer who has not agreed in advance to the Block Producer Agreement provided by the Members of this blockchain.</p>	<p>Article VIII:</p> <p>Block Producer Agreement</p> <p>No Member shall serve as a Block Producer who has not agreed in advance to the Block Producer Agreement provided by the Members of this blockchain.</p>	

Article IX:
Establishes Arbitration Forums

No Arbitrator shall serve except within an Arbitration Forum.

Article X:
Arbitrator Standards

No Member shall serve as an Arbitrator who has not Agreed in advance to the Arbitrator Agreement provided by the Members,
Been nominated by at least two other Members, and
Completed the course of study of, been certified by,
and be in good standing with their Forum.

Article XI:
Developers and Smart Contract Licenses

Each Member who makes available a smart contract on this blockchain shall be a Developer. Each Developer shall offer their smart contracts via a license, and each smart contract shall be documented with a Ricardian Contract stating the intent of all parties and naming the Arbitration Forum that will resolve disputes arising from that contract.

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Comments:

There is a formal name for the procedure that 2 parties want to reach an agreement before going through arbitration process, which is mediation. This is a voluntary arrangement where a 3rd party (the mediator) helps the 2 parties reach a non-binding agreement. There is nothing stopping the parties seeking mediation if they should wish to do so, but currently this is not a service that the Core Arbitration Forum will provide. In practice, it is common business sense to try and resolve disputes through dialogue, negotiation and possibly mediation. Arbitration is likely to be a (relatively) long and complex process that should be the last resort. Due to voluntary, non-binding nature of mediation, it is not something that we should be putting in the Constitution. (Moti Tabulo)

Parties are always free – even after they begin arbitration – to seek an agreed settlement, and to ask for input from parties they respect. This fact need not be mentioned in the Constitution. (Thomas Cox)

Article XII: Multilingual Contracts

Multi-lingual contracts must specify the prevailing language in case of dispute.

Article XIII: Developers responsible for non-Member access

As Developers are able to offer services and provide interaction with the blockchain to non Members via their applications, the Developer assumes all responsibility for guaranteeing that non-Member interaction conforms to this Constitution.

Article XIV: No Positive Rights

This Constitution creates no positive rights for or between any Members.

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Comments:

There is no contradiction with respect to arbitration. We have to distinguish “authority” with “rights”. the arbitrator has the authority of their office to impose penalties if they follow the Rules of Dispute Resolution, but that authority was given to the arbitrator by the parties in dispute, when they agreed to use arbitration and when they accepted the given arbitration forum and/or arbitrator. The Arbitrator has no ‘right’ to impose penalties separate from the context of the specific case they’ve been assigned to.

(Thomas Cox)

Positive rights create a token that has too many attributes of a security and could transform the EOS token from a utility token to a security. A blanket prohibition in Article XIV on positive rights was intended to help guide understanding of the rest of the document AND prevent the token from becoming a security implicitly.

(Thomas Cox)

Open Questions:

Is there contradiction with BPs? They do have the 'right' to produce blocks, I believe. Also, my overarching point was that this article doesn't serve any specific purpose since the rights are defined in other articles anyway... unless I'm missing it.

(Todor Karaivanov)

Article XV:
Default Arbitration Forum Named

All disputes arising from this Constitution or its related governing documents shall be resolved using the EOS Core Arbitration Forum.

Article XVI:
Amendment

This Constitution and its subordinate documents the Block Producer Agreement and Arbitrator Agreement shall not be amended except by a vote of the Token Holders with no less than 15% vote participation among eligible tokens and no fewer than 10% more Yes than No vote power, sustained for 30 continuous days within a 120-day period.

Article XVII:
Choice of Law

Choice of law for disputes shall be, in order of precedence, this Constitution, the Maxims of Equity, and the laws of Malta.

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Comments:

The documents are equal in stature but differ in content. The BP Agreement binds BPs only. The approach of having a constitution augmented with specific documents is a common and long-standing design approach. (Thomas Cox)

There must be limits on amendments to prevent spam. If an amendment is popular it should be trivial to collect donations to cover the filing fee. Do not waste the voters' time with trivia or with amendments you're not willing to back with cash, and that nobody else likes enough to support with cash. Otherwise, we get Boaty McBoatface. (Thomas Cox)

Open Questions:

Don't understand the fact that only 900 of the 1000 EOS gets returned if it passes. If it passes, that means it was a public good, but that one individual who did they good job to propose it now has to pay? And seek WP funding to make them whole? I may be missing something still? (Josh Kauffman)

Open Questions:

Shall we change the "Malta" to "Republic of Malta" to make it more formal?