January 29, 2025

Cardano Blockchain Ecosystem Constitution Definitions

The following definitions, representing a sufficient consensus of the original intent of elected Delegates assembled at the 2024 Cardano Constitutional Convention, constitute non-binding guidance for consideration by the Constitutional Committee.

Formed by affirmative vote during the December 5th session of the Convention, a Committee of Delegates collaborated with subject matter experts over a period of eight weeks to arrive at these definitions. This collaboration process leveraged six synchronous workshops and numerous asynchronous feedback tools. Over sixty-five Voting Delegates, Traveling Alternate Delegates, Technical and Legal Experts, Intersect Committee and Staff Members, and Interim Constitutional Committee Members volunteered over five-hundred hours in this effort. Following a subject matter expert review, the Committee deliberated and voted to adopt those definitions achieving not less than sixty-five percent approval, listed below.

This document is hashed/referenced as an accompanying document to the Cardano Blockchain Ecosystem Constitution as approved by Delegates on December 5, 2024. Where a defined term is embedded in the definition of another defined term, the embedded term is bolded to aid in cross-referencing. Terms are sequenced to minimize forward references. Numbering is for reference only.

1. **Cardano Blockchain:** The decentralized, public, peer-to-peer, proof-of-stake distributed ledger system, designed to securely record, verify, and synchronize transactions and data across the network while enabling the execution of smart contracts and decentralized applications. This system, powered by **ada**, is the longest chain of **Blocks** with sufficient confirmations to be considered finalized starting from **Block** Hash 5f20df933584822601f9e3f8c024eb5eb252fe8cefb24d1317dc3d432e940ebb, as forged on 2017-09-23 21:44:51 UTC on the Cardano Network.

2. **Block:** A container of data produced by a **Stake Pool** that includes, at minimum, a header. Block production and Block forging are used interchangeably.

3. **Protocol:** The algorithms, rules, and procedures that govern the exchange of information on the **Cardano Blockchain**.

4. **Protocol Parameters:** **Protocol** settings that define how the **Cardano Blockchain** functions; modifiable through applicable governance processes.

5. **Slot:** The smallest denomination of time nested within an **Epoch**.

6. **Epoch:** A **Protocol**-determined interval characterized by a fixed number of **Slots**. Each **Slot's** duration and sequence are governed by the blockchain's consensus mechanisms and are

associated with a universal timestamp defined in UTC. It is used for operations including governance voting, **Block** production leadership determination, rewards calculation, and **Hard Forks**.

7. **Lovelace:** The smallest unit of value for the native cryptocurrency of the **Cardano Blockchain**, utilized for the network's security and governance. It is distinguished from other native tokens by its lack of a policy ID and policy name.

8. **ada:** A superunit of **Lovelace**, with 1 ada equal to 1,000,000 **Lovelace**.

9. **Delegator:** A private key holder that delegates stake to a **Stake Pool** for **Block** production and network security, to a **DRep** for participation in **On-Chain** governance, or both. In doing so, the delegator contributes to the operation and governance of the **Cardano Blockchain**.

10. **Stake Pool:** A **Stake Pool Operator's Block** producing node, identified by a unique Stake Pool ID, which aggregates applicable **Delegator** stake, forges and validates **Blocks**, and facilitates contributions of the **SPO** to the **Cardano Blockchain's** security, decentralization, consensus mechanism, and governance process.

11. **Stake Pool Operator or SPO:** An individual or entity that manifests intent through the signed transactions of a **Stake Pool**.

12. **Active Block Production Stake:** The cumulative amount of stake, measured in **Lovelace**, that is actively delegated to **Stake Pools** and utilized for **Block** forging during the current **Epoch**. This amount is determined by a snapshot of stake distribution taken at the beginning of the previous **Epoch**, ensuring that it accurately represents the effective stake available for securing and maintaining the **Cardano Blockchain** through **Block** forging.

13. **On-Chain:** A classification for actions, transactions, or governance activities that are executed, recorded, or implemented directly on the **Cardano Blockchain**. These actions, transactions, or governance activities are permanently validated and stored through the blockchain's consensus mechanism, ensuring their immutability and transparency.

14. **Off-Chain:** A classification for activities, proposals, or governance decisions that are either not yet implemented on the **Cardano Blockchain,** or not intended to be directly recorded on the blockchain. These may include discussions, proposals, or agreements that exist outside the blockchain and do not involve direct consensus or **On-Chain** validation.

15. **Delegated Representative or DRep:** The individual or entity registered to vote with respect to **On-Chain Governance Actions** for its own behalf or on behalf of other owners of **ada**.

16. **Active Voting Stake:** The total amount of **Lovelace** that is delegated to active **DReps** or **SPOs**. This stake is used as the basis for calculating voting thresholds and adjudicating proposed

Governance Action outcomes. It excludes stake delegated to inactive **DReps**, the predefined abstain voting option, unregistered stake, and registered undelegated stake.

17. **Governance Action:** An **On-Chain** proposal enabling participation in shaping the future of the **Cardano Blockchain Ecosystem** through voting transactions.

18. **Hard Fork:** A **Protocol** upgrade for the **Cardano Blockchain** that results in a new **Protocol** version and necessitates coordinated adoption by network participants.

19. **Guardrails:** A set of restrictions on **Governance Actions** to prevent undesirable outcomes and assist voters in deciding whether the proposed action complies with the Cardano Blockchain Ecosystem Constitution. Some guardrails are enforced using the **Guardrails Script** or ledger rules to prevent submission of the action, while others necessitate further adjudication to determine if they violate the Constitution in ways the **Guardrails Script** or ledger cannot check. Guardrails may be either mandatory ("must"/"must not") or advisory ("should"/"should not"). The latter allows for interpretive flexibility where necessary.

20. **Guardrails Script:** A smart contract script that checks specific proposed **Governance Actions**, **Hard Fork** and **Parameter** update **Governance Actions**, against automatically checkable **Guardrails**. The check is applied when the **Governance Action** is proposed **On-Chain**.

21. **Constitutional Committee or CC:** The collective governing body and its component elected seats charged with ensuring that applicable **Governance Actions** take effect on the **Cardano Blockchain** only if in alignment with the principles and provisions set forth in the Cardano Blockchain Ecosystem Constitution.

22. **Net Change Limit:** A modifiable **Guardrail** proposed and set via an Information **Governance Action** (Info Action). This **Guardrail** protects the sustainability of the **Cardano Treasury** by preventing excessive withdrawals.

23. **Cardano Blockchain Treasury, Cardano Treasury, or Treasury:** A supply of **ada** controlled by the **Protocol** of the **Cardano Blockchain**; collected from transaction fees, reserves, and other designated sources. Withdrawals from this supply of **ada** are subject to the processes and restrictions set forth in the Cardano Blockchain Ecosystem Constitution.

24. **Cardano Community:** The collective group of all individuals and organizations that, in embracing the shared principles and objectives set forth in the Cardano Blockchain Ecosystem Constitution, own **ada**, develop, build on, support, maintain, contribute to, and use the **Cardano Blockchain**.

25. **Cardano Blockchain Ecosystem:** The collective ecosystem comprising the **Cardano Blockchain**, the **Cardano Community**, and the tooling and infrastructure utilized by the

Cardano Community to support the **Cardano Blockchain** in alignment with the shared principles and objectives set forth in the Cardano Blockchain Ecosystem Constitution.

26. **Expected:** A reasonable presumption that the identified action, although not mandatory, will occur.

27. **Operation (as used in Article IV, Section 1):** The ongoing, day-to-day activities and processes required to ensure the functionality, availability, and performance of the **Cardano Blockchain Ecosystem**. This includes, but is not limited to, the maintenance of core blockchain infrastructure, consensus mechanisms, network stability, security **Protocols**, **On-Chain** governance systems, and any other essential technical, administrative, or procedural functions necessary for the continued operation and sustainability of the **Cardano Blockchain Ecosystem** (with mindful attention to Tenet 8).