ATOM Delegations Policy

The Interchain Foundation (ICF) is committed to stewarding the Interchain by supporting and advancing the creation of an interoperable, sustainable, and community-owned ecosystem.

Our ATOM Delegations Policy seeks to consider and reward contributions made by validators to both the Cosmos Hub, and to the wider Interchain.

This policy was drafted in collaboration with the Cosmos Hub community.

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Why have a Delegations Policy?

As stewards of the Interchain, the ICF supports the development and adoption of the Core Stack through a variety of mechanisms including grants, training developers and mentoring builders new to the ecosystem.

As a major community holder of ATOMs, we leverage ATOMs to nurture and grow a sustainable Interchain.

This delegation program is intended to use the ICF's ATOMs to recognise, empower and reward the numerous and valuable contributions from Cosmos Hub validators.

Choosing the right Validators

We are committed to providing a thoughtful and high-impact delegation policy for the community. A delegation from the ICF is effectively a "vote of confidence" in a validator. We expect that other ATOM holders may replicate our validator selections for their own ATOM holdings, and so, we recognize our selections may have an impact beyond just our ATOM delegations.

Following numerous discussions with the Cosmos community, we have created a set of detailed criteria on how the ICF will select validators to receive delegations - we aim to support validators who embody the values and passion of the Cosmos Hub and the Interchain.

During our consultation with the community, we received suggestions for more detailed assessments of validators and a much more comprehensive way to allocate our delegations to individual validators. Suggestions which were not incorporated in this policy, but will be considered in future revisions, are listed in Future iterations of this policy.

Delegating voting power

The Interchain is a collection of sovereign communities, and we firmly believe that those communities alone should decide on governance matters.

The validators we delegate to will have increased voting power on Cosmos Hub's governance proposals. As such, through our Delegations Policy, we want to empower validators who are active community members; validators who regularly take part in the governance process, and act in the best interests of the Cosmos Hub and its community.

While the ICF reserves the right to exercise its voting power, we firmly believe the validators of the Cosmos Hub are the best representatives of the community to judge and vote on governance proposals directly.

Overview of the Delegations Cycle

The ICF **Delegations Cycle will run for 6 months** - i.e. every 6 months, we will re-evaluate current delegations and consider new ones.

Please note:
For the first cycle, starting in late 2022, the period may not be exactly 6 months. We are planning the second cycle of delegations to be deployed in the first week of June 2023, so the first cycle may last for 6-8 months.

In order to be selected:

- Validators must submit an application, with comments and details on how they meet the evaluation criteria, within the specified deadlines for that Delegations Cycle.

- Validators must meet the Mandatory Criteria for Selections

- The Delegations Team will then award points based on the Evaluation Criteria and calculate the ATOM value per point

- The ICF will then deploy delegations based on the point allocations. Delegations will be stable for a period of 6 months (*the Delegations Cycle*)

- During that 6 month period, the validator must meet the Criteria to Maintain Delegations. Breach of these criteria may result in ineligibility for the next round of delegations or result in immediate undelegation.

Delegations Cycle Timeline

Each Delegation Cycle will run for roughly 6 months - during this period we will not change our delegations except for exceptional circumstances. (See Criteria to Maintain Delegations).

Validator Applications Period will start approx 8 weeks before the start of the Delegations Cycle, lasting a period of 2 weeks.

This would be followed by a 4-week Evaluation Period, and then a 2-week period to Deploy our delegations. Should we need to undelegate our ATOMs, the process will start during the Evaluation Period. (See Undelegate vs Redelegate).

We consider "Day 1" of the Delegation Cycle to begin when all delegations have been deployed. While we have allocated 2 weeks for this process, it may happen sooner than this.

For each Delegations Cycle, the exact dates for the cycle will be announced on our Twitter Profile, and on the Cosmos Forum.

To recap:

8 weeks before Day 1	**Applications Period** (2 weeks)
6 weeks before Day 1	**Evaluation Period** (4 weeks)
2 weeks before Day 1	**Deployment Period** (~2 weeks)
Day 1	**Day 1 of the Delegation Cycle** (~6 months)
…	…
6 months after Day 1	Day 1 of the next Delegations Cycle

The Application Period

Validators must use the [Validator Application Form](#) to submit their application and supporting evidence, during the Application Period. Submissions received late or through other channels will not be accepted.

For the first Delegations Cycle, all validators will be required to complete the Validator Application form in full.

In order to reduce the administrative burden on both the ICF's Delegations Team and the validator's team, starting from the second cycle, previously selected validators may be invited to complete a shorter review with the Delegations Team, to determine that they still meet the program's criteria.

The Evaluation Period

Using the criteria listed in this document, validator applications will be evaluated by the ICF Delegations Team.

While evaluations will be largely objective, we acknowledge that some criteria require subjective assessment, which will be conducted by the Delegations team, such assessments, will be final.

At the end of the Evaluation Period, we will publish a breakdown of the validators selected for that Delegations Cycle, along with the reasons for their selection.

The Deployment Period

At the time of writing, October 2022, the ICF holds approximately 14.8 million ATOMs. In the first Delegations Cycle, our target is to stake at least 70% of this balance.

The balance to be staked at each Delegation Cycle will vary depending on operational needs of the Interchain Foundation.

Rewards accrued from our delegations will be withdrawn at least at the end of each cycle and will be kept liquid by default.

Calculating the ATOM value of each point

Since the number of ATOMs to be delegated is fluid, so is the "ATOM value" of each point a validator receives during their evaluation.

Once we complete the evaluation of all validator applications, we will tally up the total points awarded, and use that to calculate the number of ATOMs to be delegated by point, using the formula below:

ATOMs to be delegated this cycle / Points awarded across all validators
= ATOM value per point

Undelegate vs Redelegate

For the first Delegations Cycle, all currently staked ICF ATOMs will be undelegated. The first cycle represents the start of a new chapter for the Interchain. Unbonding all our ATOMs and starting with a clean slate is the first step towards this chapter of renewed commitment to, empowerment and recognition of those who make up the interchain community

Additionally, the number of ATOMs to be delegated to each validator will be different from past delegations and redelegating would greatly complicate operations. The ICF can delegate more quickly and efficiently if it starts from scratch. Undelegating instead of redelegating may also be employed for future Delegations Cycles.

We estimate that the period between undelegation and redelegating will be no more than 3 weeks, so the impact should be relatively small.

Mandatory Criteria

Validators must meet the following criteria to be considered for and to maintain our delegations.

Criteria for Selection

These criteria are designed to ensure that our delegations help promote stability and decentralization amongst Cosmos Hub's validators.

A validator will only be eligible for evaluation if they:

- Are not a centralized exchange or a custodian entity

- Are not in the Top 20 validators on by voting power at the time of your application

- Implement appropriate measures to maintain a secure and stable infrastructure

- Charge a commission between 1.00% and 10.00% (inclusive)

- Have at least one eligible contribution that can be submitted for evaluation.

Validators outside of the active set are eligible for delegations, so long as:

- they meet all other criteria; and

- the ICF's delegations push them into the Active Set

Please note:
Where our delegation pushes a validator to the Top 20, they will keep our delegation for that Delegations Cycle, but will be disqualified for the next cycle. They can however re-apply for subsequent cycles provided they are outside of the Top 20 at the time of application.

Additionally, should a validator we delegate to drop out of Active Set during a Delegations Cycle, we will give them a grace period of at least 30 days before undelegating from them. This is to allow them time to seek out additional delegations from the community.

Eligible contributions are activities that are described in the Evaluation Categories below. Solely running a validator node does not count as an eligible contribution. Additionally, you can not submit an activity for consideration, if the ICF is already funding that particular activity.

Criteria to Maintain Delegations

The following criteria are designed to ensure that the validators we have delegated to remain active in the Cosmos Hub and contribute positively to the network health.

Unless otherwise stated, a validator's performance against these criteria will be judged at the next Delegations Cycle (i.e. performance over a ~6 month period), and may result in deselection/ineligibility to apply again.

Some metrics will be monitored throughout the Delegations Cycle. At the sole discretion of the Delegations Team, depending on the severity, failing these criteria may result in the immediate termination of delegations to that Validator.

To maintain ICF delegations, during the current Delegations Cycle, a validator:

- Must be active in Cosmos Hub Governance and **vote on all** the governance proposals. *Abstain votes are permitted, so long as they are not more than 20% of your votes. Our aim here is to ensure that our selected validators are active in the governance of the Cosmos Hub.*

- Must maintain uptime of more than 95%

- Must not increase commission above 10% or decrease to 0%

- Must not be slashed more than once for downtime or double signing

In addition to the above, we will undelegate immediately if a validator, in any given 30-day period:

- Has less than 80% uptime for 5 days in a row

- Is jailed for 5 days in a row

Evaluation Categories

The ICF's aim is to reward contributions to the Cosmos Hub and the Interchain.

We are looking to support teams that add value to the ecosystem by building and/or maintaining useful tools, platforms, public goods and public services.

In addition to engineering and public good contributions, the ICF wants to support teams that are actively helping grow and maintain communities, across the Interchain, as well as the Cosmos Hub.

In the following pages, we break down the 5 types of contributions we are looking for, with examples of activities for each category. These examples are not an exhaustive list, so please submit any activity that you believe may be relevant to the category.

Not every submission in each category will be awarded points - the Delegations Team will be exercising discretion to reward the quality of the contributions, not just the quantity.

Since this policy concerns the Cosmos Hub, validators will be awarded points for both ecosystem-wide and Hub-specific contributions.

#1 Engineering Contributions

Validators may receive 1 point for each eligible activity/project.

Contributions submitted in this category should not be specific to the Cosmos Hub (see next category).

- **Wallets:**
  Wallets that support the management of assets *and* governance participation across multiple chains of the Interchain.

- **Explorers:**
  Platforms that display data from across the Interchain, providing insight and utility to users. Explorers must be open for all users - with no registrations, paywalls or the need to connect a wallet. We will accept explorers where *some* functionality is hidden behind a free registration/wallet connection.

- **Dashboards:**
  Platforms that display data from across the Interchain, providing insight and utility, specific to a user's wallet. These can be tools that allow users to vote across chains, tax/transaction listing platforms, etc.

- **L1 Builders:**
  Teams that are building an L1 Chain using the Cosmos-SDK

- **Core Stack Contributions:**
  Teams that actively contribute code, of substantive value, to the Core Stack. The stack includes both the core products like IBC Protocol, Tendermint Core, Cosmos-SDK, as well as modules like CosmJS, CosmWasm, etc.

#2 Engineering Contributions (Cosmos Hub)

Validators may receive 1 point for each eligible activity/project.

Where a validator received a point in the previous section for work across the Interchain, they may receive another point for the activity specifically related to the Cosmos Hub.

- **Wallets:**
  Wallets that support the management of assets and governance participation on the Cosmos Hub, in addition to other chains in the Interchain. Multi-chain wallets awarded a point in the previous section will be eligible for another point for including the Cosmos Hub in their wallet.
  However, we will not support any wallet that only supports the Cosmos Hub.

- **Explorers:**
  Platforms that display data from the Cosmos Hub, providing insight and utility to users. Explorers must be open for all users - with no registrations, paywalls or the need to connect a wallet. We will accept explorers where *some* functionality is hidden behind a free registration/wallet connection. Multi-chain explorers awarded a point in the previous section will be eligible for another point for including data from the Cosmos Hub.

- **Dashboards:**
  Platforms that display data from across the Interchain, providing insight and utility, specific to a user's wallet. These can be tools that allow users to vote across chains, tax/transaction listing platforms, etc. Dashboards awarded a point in the previous section will be eligible for another point for including data from the Cosmos Hub.

- **Interchain Security - Chain Builders:**
  Teams that are building solutions that launch as a consumer chain of the Cosmos Hub.

- **Interchain Security - Explorers, Dashboard and Other Tools:**
  Teams that are building solutions leveraging or utilising Interchain Security - explorers, dashboards, dApps and other tools.

- **Gaia Contributors:**
  Teams that actively contribute code, of substantive value, to the Cosmos Hub.

#3 Public Good Contributions

Validators may receive 1 point for each eligible activity/project.

Below are a few examples of activities that would receive a point. This is not an exhaustive list.

- **IBC Relayers:**
  Validators who also operate IBC Relayer nodes, facilitating cross-chain IBC transfers across the Interchain. You may receive 1 point for each chain pair that you relay for.

- **Public Infrastructure Providers:**
  Validators who run public RPC nodes

- **Onboarding/Education Materials:**
  An educational platform or documentation that will help onboard new end-users to the ecosystem

- **Guided/Supported On-boarding:**
  Validators that offer grants, support or mentorship to new developers or contributors

- **Community Tooling:**
  Validators that develop, maintain or otherwise provide tools that help to engage and empower Interchain communities. Examples include alert bots, multi-channel governance alert tools, asset tracker, etc

- **Improving End-User Adoption (for multiple projects):**
  A payment app integration that supports Interchain wallets and IBC tokens

- **Other Engineering Contributions:**
  Any other open-source code contributions, that benefit developers and/or users of the Interchain, are not already covered by categories #1 or #2.

#4 Community Contributions

Validators may receive 1 point for each eligible activity/project.

Below are a few examples of activities that would receive a point. This is not an exhaustive list.

- Moderate a non-English local language community for any Interchain chain, for which you are not already fully funded by the chain, guaranteeing moderation at least 5 days a week

- Translate significant content / Cosmos documentation to a non-English local language

- Create community events like conferences, meetups, or workshops

- Run local meetups focused on the ecosystem and the Core Stack (at least once per Delegations Cycle)

- Promote the Interchain through community initiatives like podcasts, twitter spaces, and youtube shows

- Provide and maintain valuable tutorials to lower the barriers of entry to end-users and favor the correct usage of the wallets/application in a secure way

- Write and publish valuable content on Medium/Twitter/Youtube/Email that highlights the Interchain (at least once a week)

- Participate actively in on-chain governance - taking part in discussion both before a proposal goes on-chain and during the voting period.

#5 Community Contributions (Cosmos Hub)

Validators can receive 1 point for each eligible activity/project.

Where a validator received a point in the previous section for work across the Interchain, they may receive another point for the activity specifically related to the Cosmos Hub.

Below are a few examples of activities that would receive a point, in addition to the activities listed in #4 Community Contributions. This is not an exhaustive list.

- Participate actively in the Cosmos Hub's governance, taking part in discussions before a proposal is on-chain

- Participate actively in Cosmos Forum and the Cosmos Hub Community Calls

- Create valuable content, on a frequent and regular basis, regarding the Cosmos Hub, its services, use-cases, and value

- Create presentations and speeches at relevant events about the Cosmos Hub, or organize events focused on the Cosmos Hub at least once per Delegation Cycle

- Translate significant content / Cosmos documentation to a non-English local language

Future iterations of this policy

This ATOM Delegations Policy is the first iteration of this policy.

During our consultation with the Cosmos Hub community, in the interest of utilising our delegations more effectively to promote decentralization and reward contributions of validator teams, several suggestions were made that are not currently part of this policy.

They were not included in this first iteration due to:

- Complexities around the objective measurement of the metrics, that could be done rapidly, consistently and at scale

- Complexities around forming fair guidelines for certain subjective assessments

- We want to be able to deploy a policy, ensure its smooth and fair operation, and then iterate on it.

For transparency, we have listed some of the key feedback that we wish to incorporate into our ATOM Delegations Policy, in the near future.

For clarity, unless we identify a significant oversight, we will not be iterating on this policy for at least a period of 18 months (i.e. at least 3 Delegations Cycles).

If you do have feedback on the policy or identify a significant oversight, please contact us by email: hello@interchain.io

The following are feedback we wish to explore in more detail and possibly incorporate into future iterations of the Delegation Policy:

- A more comprehensive, weighted distribution of points, positively biasing some or all of the following:
    - Validators in the bottom half or bottom third of the Active Set
    - New validators who signal the intent to make engineering and/or public good contributions, but have not had the time or resources to do so yet.

- A weighted distribution of points, that considers:
    - The type of contribution and the value it generates
    - The time and skills required for the contributions made

- - Whether the contribution has a Hub-specific, multi-chain or an Interchain-wide positive impact

- Either a weighted-distribution of points or a simple flat points that considers:
  - the skills and experience of the sysadmins and other technical members of the validator's team.
  - The type and scale of infrastructure the validator runs, its redundancies and security

- In the interest of decentralization, the possible exclusion of validators who run nodes via white-label providers, or a weighted distribution of points that favors:
  - Validators that run bare-metal nodes
  - Validators that run self-hosted nodes (with adequate redundancies)
  - Validators that run nodes from "remote" geo and network locations

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