

CARDANO BLOCKCHAIN ECOSYSTEM CONSTITUTION

The Principles Governing the Cardano Blockchain Ecosystem

Listed below are the principles we identified that we believe should govern the Cardano Blockchain Ecosystem (not in any relevant order). Each Article of the Constitution below includes references to the principle(s) supported by that Article. Without centralized governmental institutions to enforce these principles, and without a judicial system with the power to penalize violations of failures to comply with these principles, it is critical that we clearly articulate these principles within the provisions of the Constitution. By creating a clear roadmap of the principles we believe should be enshrined within the Cardano Blockchain Ecosystem, we are able to empower the Constitutional Committee with the ability to prevent future actions that are contrary to these Constitutional Principles and assure the ongoing health, functionality, sustainability and growth of the Cardano Blockchain. This Constitution seeks to obtain a balance between being prescriptive where necessary and aspirational where possible.

This is an Interim Constitution. It must be ratified by the Cardano community in 2024 and, therefore, may change based on the desires of the community. However, given that on-chain governance will come into existence, requiring a robust constitution and constitutional committee, before a final constitution has been ratified, this Interim Constitution must be sufficiently robust and wholesome to support the needs and requirements of CIP-1694, assuring that the below identified principles are not compromised, until the date on which a final constitution is ratified.

In approaching this Constitution, it must be remembered that this is not a constitution for only a blockchain but rather, it is a constitution for a blockchain ecosystem—a much more ambitious endeavor. Accordingly, how governance actions are approved, while extremely important, is not the sole focus of this Constitution. Rather, this Constitution provides the basis and fundamental framework through which all actors in the Cardano Blockchain Ecosystem can come together to govern themselves and form radically new approaches to human interaction and collaboration. By necessity, this Constitution recognizes the roles of and empowers the Constitutional Committee, the Member-Based Organization and DReps. The Constitution also recognizes the necessity of safeguarding access to and the use of funds of the Cardano treasury through the creation of the Cardano Development Trust.

Therefore, it is equally important to keep in mind that this Constitution reflects the difference between governance of a blockchain ecosystem and block validation achieved through PoS mechanisms such as that used by Cardano. While many scholars have equated block validation with blockchain governance, the process of block validation is only an element, albeit an important one, in the holistic governance needed for an entire blockchain ecosystem.

A final note on drafting: When this Interim Constitution is finalized, it is intended that the embedded references to principles will be removed but only so long as the text referencing the relevant principle actually supports that principle. Where it does not, the text itself should not warrant being included in the Constitution.

- Ethical and Responsible Behavior
- Resilient and Responsive Operations
- Inclusive and Equitable Participation
- Transparent and Open Governance
- Secure
- Consensual
- Generative
- Innovative
- Effective
- Open
- Empowering
- Representative
- Merit-based
- Incentivized
- Effective and Purposeful Processes
- Growth-Empowerment, and Incentivized Creation
- Objective
- Growth-Stable and Robust Evolution
- Continuous improvement
- Financial Inclusion
- Economic Growth
- User Friendly
- Diverse Solutions
- Compliant and Accountable
- Innovation and Research
- Social Impact
- Interoperability
- Responsive
- Open Architecture

Cardano Interim Constitution

Preamble

In the beginning of the Cardano Blockchain Ecosystem, three pioneering entities, IOHK, Emurgo, and the Cardano Foundation, came together to foster the establishment of a new blockchain, the Cardano Blockchain, laying the foundation for a decentralized network that would empower individuals, promote collaboration, and foster innovation. Their pioneering efforts have shaped the path for a blockchain designed to ensure a fair and transparent environment where all participants can contribute to the Cardano Blockchain Ecosystem's growth and success.

Over time, the Cardano Blockchain Ecosystem has expanded significantly, and now, thousands of individuals, developers, enterprises, stake pools and others operate in a truly decentralized manner, further strengthening the resilience and autonomy of the Cardano Blockchain Ecosystem. As the Cardano Blockchain Ecosystem continues to grow, it has become imperative to similarly adapt and evolve its governance model, reflecting the principles of decentralization, community involvement, inclusivity, and collaboration that have been the cornerstone of the Cardano Blockchain Ecosystem since its start.

Recognizing the need for a more robust and dynamic governance framework, and one that utilizes wherever possible blockchain technology in the governance process, we, the members of this decentralized Cardano Blockchain Ecosystem, hereby establish this Cardano Constitution. It shall serve as a guiding set of principles for the operation and governance of our collective efforts, fostering an environment where all participants can contribute to the betterment of the Cardano Blockchain Ecosystem as a whole.

We commit ourselves to uphold the principles enshrined in this Constitution and to work together towards the continuous improvement, growth, and success of our decentralized blockchain ecosystem known as the Cardano Blockchain.

This Constitution shall serve as the embodiment of the guiding principles for the operation and governance of the decentralized Cardano Blockchain Ecosystem, providing a foundation that will adapt and evolve over time to meet the continuing needs of the Cardano Blockchain Ecosystem community. All ADA holders and all users of the Cardano Blockchain are expected to abide by this Constitution, actively participate in its governance processes, and work collaboratively towards the betterment of the Cardano Blockchain Ecosystem as a whole, contributing to its growth, sustainability, and success.

Article I [Cardano Blockchain Ecosystem Principles]

Section 1

The Cardano Blockchain Ecosystem shall establish a robust governance framework, ensuring that decisions are made in the best interest of ADA holders and all of the users and the wider Cardano Blockchain Ecosystem. *(Representative, Responsive)*

The Cardano Blockchain Ecosystem shall uphold the principles of transparency, openness, and responsible governance, promoting a culture of trust and collaboration. *(Transparent and Open Governance)*

Section 2

The Cardano Blockchain shall operate on a consensus-based decision-making model, fostering inclusivity, a diversity of views, innovation, and adaptability. *(Consensual, Innovative)* The Cardano Blockchain Ecosystem shall embody a collaborative, supportive, and economically inclusive community, providing opportunities for growth and prosperity for all ADA holders and users of the Cardano Blockchain. *(Generative)*

Section 3

The Cardano Blockchain Ecosystem shall ensure compliance with national or international environmental, sustainability, and governance standards without significantly infringing on users' freedom of commerce, association, or expression. *(Ethical)*

Section 4

The Cardano Blockchain Ecosystem shall prioritize the security, financial empowerment and inclusion, and the well-being of its users, implementing robust measures to protect user data, digital identities, and assets. *(Secure)*

The Cardano Blockchain Ecosystem shall prioritize data protection, while ensuring compliance with relevant regulations and adopting best practices for handling user data and digital identities. *(Secure)*

The Cardano Blockchain Ecosystem shall promote, consistent with global regulatory requirements, privacy-enhancing technologies to ensure the confidentiality and integrity of user data and digital identities. *(Innovative)*

The Cardano Blockchain Ecosystem shall facilitate the creation, management, and verification of decentralized digital identities, allowing users to maintain control over their information. *(Empowering)* The Cardano Blockchain Ecosystem shall ensure that the infrastructure and protocols governing digital identities are secure, scalable, and resilient, preventing unauthorized access, tampering, or misuse. *(Secure, Resilient)*

The Cardano Blockchain Ecosystem shall establish a robust governance framework for managing digital identities, ensuring that decisions are made in the best interest of the users and the wider Cardano Blockchain Ecosystem. *(Representative, Responsive)*

Section 5

The Cardano Blockchain Ecosystem shall promote interoperability and collaboration with other blockchains and technology providers, fostering a supportive Cardano Blockchain Ecosystem that drives innovation. *(Open, Innovative)* The Cardano Blockchain Ecosystem shall support the adoption of open standards, fostering interoperability and seamless integration with other blockchains and platforms. *(Open, Innovative)*

Section 6

The Cardano Blockchain Ecosystem shall advocate for ADA holders and other participants in the Cardano Blockchain Ecosystem, engaging in policy discussions with regulators, governments, standards bodies and other international organizations, and promoting responsible practices within the Cardano Blockchain Ecosystem and broader technology community. *(Ethical)*

Section 7

The Cardano Blockchain Ecosystem shall promote transparency and openness in decision-making processes, ensuring that all Members have an opportunity to contribute to the governance and direction of the decentralized Cardano Blockchain Ecosystem. *(Inclusive and Equitable Participation)*

The Cardano Blockchain Ecosystem shall actively encourage diversity and inclusion within its Members, ensuring the representation and participation of all groups and geographic regions engaged in using, developing, building on and maintaining the Cardano Blockchain. *(Representative)*

Article II [No Formal Membership Requirement]

Section 1

No formal membership shall be required to use, participate in and benefit from the Cardano Blockchain. Instead, all ADA holders, all developers of, all those building on, and all those otherwise supporting, maintaining or using, the Cardano Blockchain are considered to be Members of the Cardano Blockchain Ecosystem. As such, all Cardano Blockchain Ecosystem Members are beneficiaries of this Constitution, entitled to its rights, privileges and protections and, as such, are bound to support and uphold this Constitution. *(Open)*

Section 2

Members who hold ADA are entitled to participate in the decision-making processes of the Cardano Blockchain Ecosystem, including voting, proposing amendments to the Constitution, and taking part in governance decisions regarding the Cardano Blockchain. *(Consensual, Transparent and Open Governance)*

Section 3

Members have the responsibility to maintain the integrity of the Cardano Blockchain Ecosystem by following the Constitution, participating in Cardano Blockchain Ecosystem activities, and resolving disputes in a fair and transparent manner. *(Ethical, Transparent)*

Section 4

Members who violate the constitution or engage in malicious activities may be subject to exclusion or expulsion from the Cardano Blockchain Ecosystem, following a transparent and fair review process.] *(Rules-Based, Transparent)* [Note: Is something like this feasible? Does it make sense? Would ADA somehow be forfeited? Or would we simply limit the ability to submit proposals or participate in Intersect? In general, how do we address bad behavior? Can we? Should we?]

[Expelled Members may be eligible to rejoin the Cardano Blockchain Ecosystem after a specified period or upon meeting certain conditions, as determined by the Cardano Blockchain Ecosystem's governance process.] *(Rules-Based)*

Article III [Member-Based Organization]

Section 1

The Cardano Blockchain Ecosystem shall encourage ADA holders to form and participate in a Member-Based Organization to align interests, incentives, and foster collaboration within the community. *(Inclusive and Equitable Participation)* Multiple Member-Based Organizations shall not be prohibited, and the establishment of such organizations shall be seen as a means to strengthen the Cardano Blockchain Ecosystem's decentralized and inclusive nature. *(Generative, Incentivized)*

The Member-Based Organization shall act on behalf of and for the benefit of the Cardano Blockchain Ecosystem to implement as an administrator various governance and funding proposals as may be approved by ADA holders from time to time. *(Resilient and Responsive Operations)* The Member-Based Organization shall hold all Cardano Blockchain open source code repos and serve as the home for the Cardano Blockchain's ongoing, future development and as an aggregation point for community governance by ADA holders. *(Consensual, Transparent and Open Governance)*

Section 2

The charter and governance documents for the Member-Based Organization shall be subject to and comply with the requirements of the Constitution. *(Rules Based)* In order to support the Cardano Blockchain Ecosystem, the Member-Based Organization shall establish and provide clear guidelines for the role and responsibilities of permanent member committees including a technical steering committee, membership committee, civics committee and future vision and development committee to promote and facilitate a fully decentralized governance model for the Cardano Blockchain Ecosystem. *(Rules Based)* The Member-Based Organization shall establish such other temporary and permanent member committees as its members may desire from time to time. *(Rules Based)*

The Member-Based Organization is intended to be a key institution for the Cardano-Blockchain Ecosystem which unites companies, developers, individuals, and other Cardano-Blockchain Ecosystem participants to shape and drive the future development of the Cardano Blockchain. *(Resilient and Responsive Operations)* The Member-Based Organization will serve as the steward of the underlying technology blueprints for the Cardano Blockchain Ecosystem beginning with Cardano Nodes, core Cardano libraries and the components required to operate the Cardano Blockchain, and all of its accompanying documentation, knowledge, and contributors. *(Resilient and Responsive Operations)*

Section 3

ADA holders shall be entitled to become members of the Member-Based Organization, and as the members of such Member-Based Organization, shall establish membership benefits and rights, membership participation standards and responsibilities and self-governing processes and procedures. *(Consensual, Transparent and Open Governance)* The Member-Based Organization shall be open and inclusive. *(Inclusive and equitable participation)*. The Member-Based Organization shall actively encourage diversity and inclusion within its membership, ensuring the representation and participation of all groups and geographic regions engaged in using, developing, building on, and maintaining the Cardano Blockchain. *(Representative)*

ADA holders shall allocate such funding as may be necessary from time to time from Cardano treasury for the Member-Based Organization to carry out its duties and responsibilities as contemplated by the Constitution. *(Resilient and responsive operations)*

Section 4

The Member-Based Organization shall provide advice and recommendations to the Cardano Blockchain Ecosystem as to future developments, enhancements, and initiatives for the Cardano Blockchain. *(Effective and Purposeful Processes)* The Member-Based Organization must operate with openness and transparency and shall provide reports and information on its ongoing activities to the Cardano Blockchain Ecosystem. *(Transparent, Effective and Purposeful Processes)*

The Member-Based Organization shall establish initiatives to proactively identify and explore emerging technologies that can be integrated into the Cardano Improvement Proposal process and provide updates and recommendations to the Cardano Blockchain Ecosystem. *(Responsible Iteration and Innovation)*

The Member-Based Organization shall establish clear guidelines for the role of third-party developers and service providers in the Cardano Blockchain Ecosystem, ensuring compliance with the Constitution, Cardano Blockchain Ecosystem principles, and the ethical use of the Cardano Blockchain. *(Ethical and Responsible Behavior)*

The Member-Based Organization shall implement incident response plans to address any security breaches or vulnerabilities of the Cardano Blockchain, ensuring timely communication with affected parties and issuance of prompt remediation proposals. *(Resilient and Responsive Operations)*

The Member-Based Organization shall engage not less than annually independent third parties to perform financial audits for the Member-Based Organization and the Cardano Development Trust and security audits for the Cardano Blockchain. *(Resilient and Responsive Operations)*

[The Member-Based Organization shall maintain a dedicated security team responsible for monitoring and addressing potential threats, as well as proposing necessary upgrades and improvements to the Cardano Blockchain's security infrastructure.] *(Resilient and Responsive Operations)*

Section 5

The Member-Based Organization shall act as administrator for the Cardano Development Trust and in such capacity oversee the disbursement of funds from the Cardano Development Trust to third parties who have entered into contracts with the Cardano Development Trust or who have been awarded grants from the Cardano Development Trust for the purpose of developing, maintaining and building enhancements for the Cardano Blockchain. *(Resilient and Responsive Operations)*

Section 6

Any powers, rights, duties or responsibilities not reserved by this Constitution for Members or for ADA holders may be performed by the Member-Based Organization on behalf of and for the benefit of the Cardano Blockchain Ecosystem for its Members and for all ADA holders. *(Resilient and Responsive Operations)*

Article IV [Governance]

Section 1

The Cardano Blockchain Ecosystem shall be governed by a decentralized governance model, utilizing, to the extent possible and appropriate, smart contracts and other blockchain-based tools to facilitate decision-making and ensure transparency. *(Transparent and Open Governance)*

Section 2

All ADA holders shall have the right to vote in governance action decision-making processes, subject to any restrictions or requirements provided for in this Constitution including CIP-1694 and CIP-Guardrails. *(Consensual, Representative, Rules-Based, Resilient and Responsive Operations)*

Decisions shall be made openly and transparently, with records of proposals, discussions, and outcomes made available to all Cardano Blockchain Ecosystem participants. *(Transparent, Open)*

Section 3

Decisions shall be made through a consensus-based decision-making process, with specific consensus threshold requirements as set forth in CIP-1694 or as otherwise defined and agreed upon by ADA holders from time to time. *(Consensual)* All governance proposals shall be voted upon in accordance with CIP-1694 and CIP-Guardrails.

ADA holders shall have the right to propose changes to the governance structure of the Cardano Blockchain Ecosystem, following a predefined procedure for submitting, discussing, and voting on proposals as set forth in the CIP-1694 and the CIP- Guardrails. *(Consensual, Rules Based, Transparent and Open Governance)*

Proposals shall follow a sufficient off-chain governance process to ensure that there is awareness of the proposal for ADA holders. *(Effective and Purposeful Processes)* Proposals shall be submitted in a standardized and legible format to a widely-recognized proposal discussion forum that may be maintained by the Member-Based Organization so that the merits of proposals can be openly debated. *(Effective and Purposeful Processes)* Once proposals have been thoroughly discussed, a poll of ADA holders shall be conducted to confirm that there is consensus that the proposal should move forward. *(Effective and Purposeful Processes)* Proposals that can demonstrate indicative community support shall be submitted to the on-chain governance process without alteration. *(Transparent, Open)* The Constitutional Committee may comment at any point in this off-chain process on the constitutionality of a given proposal. *(Transparent, Effective and Purposeful Processes)*

The on-chain voting for governance actions shall follow the process outlined in CIP-1694 and CIP-Guardrail. *(Effective and Purposeful Processes)*

[A voting threshold participation requirement may be established under CIP-1694 to ensure that a minimum level of participation is achieved before a governance action can be considered valid.] *(Effective and Purposeful Processes)*

Section 4

A tricameral system of governance bodies shall participate in voting for governance actions to provide checks and balances for the Cardano Blockchain consisting of Delegate Representatives, Stake Pool Operators, and the Constitutional Committee. *(Inclusive and Equitable Participation)*

Section 5

In order to participate in governance actions, holders of ADA may directly vote on such governance actions or may delegate their voting rights to a registered DRep who shall vote on their behalf. *(Rules-Based, Effective and Purposeful Processes)*

Any ADA holder shall have the option to register as a DRep. Any ADA holder shall be allowed to delegate their voting stake to any registered DRep, including themselves. *(Inclusive and Equitable Participation)* DReps shall cast votes directly on governance actions and represent those ADA holders delegating their voting rights to them. *(Transparent and Open Governance)* This voting system shall enshrine a liquid democracy model where ADA holders can seamlessly select among DReps, register as a DRep, and change their delegation at any time. *(Empowering)* ADA holders and DReps shall not be coerced or bribed into delegating or voting. *(Consensual, Rules-Based)*

ADA holders wishing to serve as DReps shall exhibit sufficient technical acumen to provide good stewardship of the Cardano Blockchain. *(Merit Based)* DReps may be individuals or coordinated groups. *(Resilient and Responsive Operations)* The Member-Based Organization shall provide and support the creation of adequate tools to enable ADA holders to explore and evaluate DReps candidates. *(Resilient and Responsive Operations)* ADA Holders shall select DReps on the basis of merit, including a track record of past contributions to the Cardano Blockchain Ecosystem. *(Representative, Social Impact)*

DReps shall be compensated for their efforts in order to foster the creation of a professional governance cohort for the Cardano Blockchain Ecosystem. *(Growth-Empowerment, and Incentivized Creation)* DReps shall not be subject to term limits. *(Incentivized, Rules-Based)*

Section 6

SPOs shall have a limited role in approving the most important governance actions which require additional oversight and independence, voting separately and independently from DReps. *(Effective and Purposeful Processes)* SPOs shall participate in hard fork initiation processes as the operators of the nodes that participate in Cardano Blockchain's consensus mechanism. *(Effective and Purposeful Processes)* SPOs shall act as a check on the power of the

Constitutional Committee under exceptional circumstances by voting on “Motion of no-confidence” and “New committee/threshold” governance actions. (*Secure, Incentivized*)

Section 7

A permanent Constitutional Committee shall be established as the branch of Cardano's governance that ensures governance actions are consistent with this Constitution. (*Resilient and Responsive Operations*) The Constitutional Committee shall comprise a set of individuals and entities that are collectively responsible for ensuring that all governance actions prior to being submitted for on-chain voting, are constitutional. (*Inclusive and Equitable Participation*) The Constitutional Committee shall be limited to voting on the constitutionality of governance actions. (*Transparent and Open Governance*)

The permanent Constitutional Committee shall be composed of seven members who are ADA Holders. (*Empowering, Representative*) Each Constitutional Committee member shall serve a three-year term. Constitutional Committee members shall be elected on a staggered basis such that a majority of committee members are never up for election in a single year. (*Effective and Purposeful Processes*)

Constitutional Committee candidates shall represent a broad base of the Cardano Blockchain Ecosystem. (*Empowering, Representative*) Individuals or entities shall be ADA holders and have sufficient [legal and technical] expertise, considering their past contributions and involvement in the Cardano Blockchain Ecosystem. (*Empowering, Representative*)

The Member-Based Organization shall establish the process for the election of Constitutional Committee members and shall be responsible for ensuring that the election process is open, fair and transparent. (*Effective and Purposeful Processes*) The Member-based Organization shall be responsible for the provision of adequate tooling to allow for a secure and legitimate vote to take place. (*Transparent and Open Governance*)

No governance proposal, other than a “Motion of no-confidence” may be implemented on-chain unless the Constitutional Committee shall have first determined and affirmed through an on-chain action that such proposal does not violate this Constitution. (*Effective and Purposeful Processes*)

Constitutional Committee processes and deliberations shall be transparent. (*Transparent and Open Governance*) The Constitutional Committee shall publish each decision and the opinion underlying such decision. (*Transparent and Open Governance*) When rejecting a proposal, the Committee shall set forth the basis for its decision with reference to specific Articles of this Constitution that are in conflict with a given proposal. (*Effective and Purposeful Processes*)

The Constitutional Committee shall be considered to be in one of the following two states at all times: a state of confidence or a state of no-confidence. (*Compliant and Accountable*) In a state

of no-confidence, no governance actions may go forward until the then standing Constitutional Committee shall have been replaced. *(Compliant and Accountable)*

Section 8

A Cardano Development Trust shall be created for the benefit of all Members that may receive from time to time allocations from the Cardano treasury as approved pursuant to governance actions and from grants from other parties made to the Cardano Development Trust for the purpose of benefiting the Cardano Blockchain Ecosystem. *(Resilient and Responsive Operations)*

Funds held in the Cardano Development Trust shall be used from time to time to compensate third parties who have entered into contracts with the Cardano Development Trust or who have been awarded grants from the Cardano Development Trust for the purpose of developing, maintaining and building enhancements for the Cardano Blockchain. *(Resilient and Responsive Operations)*

The Member-Based Organization shall be appointed to act as the administrator of the Cardano Development Trust for the benefit of the Members. *(Resilient and Responsive Operations)*

The Member-Based Organization shall be entitled to receive an annual administration fee, payable from amounts held in the Cardano Development Trust, as compensation for its administration services. *(Effective and Purposeful Processes)*

Section 9

The Cardano Blockchain Ecosystem shall establish clear guidelines for the role of third-party developers or service providers in the Cardano Blockchain Ecosystem, ensuring compliance with the Constitution and Cardano Blockchain Ecosystem principles. *(Rules-Based)*

The Cardano Blockchain Ecosystem shall commit to transparency by providing regular updates and reports on its activities, finances, and decision-making processes published online and made available freely to all Members. *(Transparent and Open Governance)*

Section 10

Any governance proposal submitted to ADA holders for approval shall require a standardized and legible format including a URL and hash linked to documented off-chain context. *(Effective and Purposeful Processes)* Sufficient rationale shall be provided to justify the requested change to the Cardano Blockchain. *(Growth-Stable and Robust Evolution)* Linked proposals shall include, at a minimum, a title, abstract, reason for the proposal, along with relevant supporting materials. Proposals shall be written in English or translated into English from their original language to be considered. *(Effective and Purposeful Processes)*

Any governance action proposal reaching the on-chain governance stage shall be identical in content as to the final off-chain version of such governance action proposal. *(Secure)*

Hard Fork Initiation and Protocol Parameter Change governance actions shall undergo sufficient technical review and scrutiny to ensure that the governance action does not endanger the functionality of the Cardano Blockchain. *(Resilient and Responsive Operations)*

Governance proposals shall address their expected impact on the Cardano Blockchain Ecosystem, *(Transparent and Open)* including social impact, *(Social Impact)* financial sustainability, *(Financial Sustainability)* cross platform compatibility and interoperability, *(Interoperability)* regulatory considerations, *(Compliance)* and ethical implications. *(Ethical Principles)]*

A transparent evaluation process with clear criteria shall be established [by the Member-Based Organization] for proposed governance actions. *(Transparent, Effective and Purposeful Processes)* A program to foster collaboration and diversity of ideas for proposed governance actions among new and experienced Members shall be established. *(Generative, Growth Empowered and Incentivized Creation)*

All ADA holders shall have the right to ensure that the process for submitting and voting on governance actions is protected from undue influence and manipulation. *(Objective)*

A system shall be established to track the progress of proposed governance actions leading up to an on-chain vote. *(Transparent and Open)*

A guide containing best practices for proposed governance actions shall be developed for reference. *(Transparent and Open)* A standardized evaluation framework shall be designed and implemented to assess the quality and impact of governance proposals on the Cardano Blockchain. *(Transparent and Open)*

Any governance proposal requesting ADA from the Cardano treasury [in excess of [] ADA] shall require an allocation of ADA as a part of such funding request to cover the cost of periodic independent audits and the implementation of oversight metrics as to the use of such ADA. *(Resilient and Responsive Operations)*

The Member-Based Organization shall retain independent third parties to conduct such audit and oversight obligations and shall advise as to the cost of such audit and oversight services in connection with any ADA treasury funding proposal request prior to the time that such proposal is submitted to ADA holders for approval. *(Effective and Purposeful Processes)*. The Member-Based Organization shall publish the results of such audits for the entire Cardano Blockchain Ecosystem

Article V [Tokenomics]

Section 1

The Cardano Blockchain shall at all times maintain a token-based economic system to incentivize user participation, facilitate transactions, and align stakeholder interests. *(Growth-Empowerment and Incentivized Creation)*

Section 2

The Cardano Blockchain Ecosystem shall support token utility, which may include but is not limited to, voting rights, access to Cardano Blockchain Ecosystem resources, and rewards for contributing to the Cardano Blockchain Ecosystem's growth and success. *(Growth-Empowerment and Incentivized Creation)*

Incentive mechanisms shall be designed to encourage long-term commitment, collaboration, and value creation within the Cardano Blockchain Ecosystem. *(Growth-Empowered and Incentivized Creation)*

Article VI [Dispute Resolution]

Section 1

Disputes between Members shall be resolved through decentralized dispute resolution processes, leveraging the Cardano Blockchain Ecosystem's governance model and smart contracts to facilitate a fair and impartial process. *(Transparent and Open Governance; Effective and Purposeful Processes)* The dispute resolution process shall be transparent and accessible to all Members, with clear guidelines and procedures for initiating disputes, appointing arbitrators, and submitting evidence. *(Transparent and Open Governance)*

Section 2

Disputes shall be resolved in a timely and fair manner, with arbitrators or mediators selected based on predefined criteria, such as expertise, neutrality, and maintaining the reputation of the Cardano Blockchain Ecosystem. *(Effective and Purposeful Processes)*

The dispute resolution process shall include the use of smart contracts when appropriate and possible to automate certain aspects, such as enforcing decisions or managing escrow, and ensuring an unbiased and tamper-proof system. *(Transparent and Open Governance; Effective and Purposeful Processes)*

[Members shall have the right to appeal decisions made in the dispute resolution process, following a predefined procedure that ensures fairness and upholds the Cardano Blockchain Ecosystem's core principles.] *(Transparent and Open Governance; Effective and Purposeful Processes)*

The Cardano Blockchain Ecosystem shall continuously review and improve the dispute resolution process, taking into account Member feedback and evolving industry best practices. *(Resilient and Responsive Operations; Continuous Improvement)*

Article VII [Amendments]

Section 1

The amendment process for this Constitution, for CIP-1694 and for CIP-Guardrails shall follow a decentralized voting mechanism, as outlined in CIP-1694. This process ensures that all ADA holders can participate in shaping the Cardano Blockchain Ecosystem's governance framework and upholding its core principles. *(Consensual; Rules-Based)*

Amendments to this Constitution, to CIP-1694 and to CIP-Guardrails shall be proposed by ADA holders, following a clear procedure that includes submitting a written proposal, obtaining a minimum level of support from other ADA holders, and allowing for a predefined discussion period. *(Effective and Purposeful Processes)*

Amendments to this Constitution, to CIP-1694 and to CIP-Guardrails shall be approved by a consensus-based decision-making process, requiring a threshold of not less than 66 ⅔ percent of all ADA then voting for approval [and requiring the participation of not else than [] present of all ADA then eligible to vote.] *(Transparent and Open Governance)*

Any amendments to this Constitution, to CIP-1694 and to CIP-Guardrails shall be made publicly available to all Members, ensuring transparency and allowing for further discussion and implementation and recorded on the Cardano Blockchain. *(Transparent and Open Governance)*

Section 2

No amendments shall be made to this Constitution, to CIP-1694, to CIP-Guardrails or the functions or composition of the Constitutional Committee prior to the expiration of the Bootstrapping Phase. *(Effective and Purposeful Processes)*

Article VIII [Ethical Use and Compliance]

Section 1

The Cardano Blockchain Ecosystem shall establish guidelines for the ethical use of its technology, resources, and platform, to prevent misuse or abuse that may cause harm to individuals, organizations, or the environment. *(Ethical and Responsible Behavior)* Members shall be required to adhere to these ethical guidelines and demonstrate compliance with relevant laws and regulations. *(Ethical and Responsible Behavior)*

Section 2

The Cardano Blockchain Ecosystem shall maintain a process for reporting and addressing instances of non-compliance, ensuring that necessary corrective actions are taken and that the integrity of the Cardano Blockchain Ecosystem is preserved. *(Ethical and Responsible Behavior)*

Section 3

The Cardano Blockchain Ecosystem shall demonstrate a commitment to continuous improvement and adaptation, regularly reviewing its guidelines and processes to ensure ongoing alignment with best practices and regulatory developments. *(Resilient and Responsive Operations)*

A review process shall be established whenever possible and practical to ensure that all proposed governance actions comply with relevant laws and regulations. *(Ethical and Responsible Behavior)* Governance actions shall also adhere to ethical guidelines established by the Cardano Blockchain Ecosystem, ensuring its integrity and fairness. *(Ethical and Responsible Behavior)*

Article IX [Decentralized Education and Knowledge Sharing]

Section 1

The Cardano Blockchain Ecosystem shall promote the availability of educational resources, training materials, and support channels to help users understand, navigate, and effectively participate in the decentralized Cardano Blockchain Ecosystem. *(Inclusive and Equitable Participation)*

The Cardano Blockchain Ecosystem shall prioritize the promotion of education and knowledge sharing as a core value, fostering a community where Members actively contribute to the collective understanding and development of the Cardano Blockchain Ecosystem. *(Inclusive and Equitable Participation)*

The Cardano Blockchain Ecosystem shall establish accessible educational resources, including documentation, guides, tutorials, and other materials, to support the ongoing learning and development of all participants. *(Inclusive and Equitable Participation)* The Cardano Blockchain Ecosystem shall encourage the organization of educational events, such as workshops, webinars, and meetups, to foster collaboration, learning, and the exchange of ideas among members. *(Inclusive and Equitable Participation)*

The Cardano Blockchain Ecosystem shall support the establishment of community-driven educational initiatives, providing resources and guidance to enable their success. *(Inclusive and Equitable Participation)*

The Cardano Blockchain Ecosystem shall prioritize the development of open-source educational materials and resources, ensuring that all participants have equal access to knowledge and learning opportunities. *(Inclusive and Equitable Participation)*

The Cardano Blockchain Ecosystem shall facilitate the creation and dissemination of educational resources, best practices, and guidelines to help participants navigate the decentralized Cardano Blockchain Ecosystem effectively and responsibly. *(Inclusive and Equitable Participation)*

Section 2

The Cardano Blockchain Ecosystem shall encourage sharing of expertise, knowledge, and insights among Members to help improve the Cardano Blockchain Ecosystem and create an inclusive and empowering environment for all. *(Inclusive and Equitable Participation)* The Cardano Blockchain Ecosystem shall promote a culture of continuous learning, encouraging Members to stay updated on new developments, technologies, and best practices relevant to the Cardano Blockchain Ecosystem. *(Growth-Stable and Robust Evolution)*

The Cardano Blockchain Ecosystem shall continuously evaluate and improve its educational resources and initiatives, ensuring that they remain relevant, up-to-date, and accessible to all participants. *(Resilient and Responsive Operations)*

Section 3

The Cardano Blockchain Ecosystem shall establish partnerships with educational institutions, research organizations, and other stakeholders to further expand its knowledge base and promote collaborative learning and development. *(Growth-Stable and Robust Evolution)*

The Cardano Blockchain Ecosystem shall promote the use of innovation hubs to encourage breakthrough ideas and cutting-edge research for Cardano Improvement Proposals. *(Growth-Empowered and Incentivized Creation)*

Section 4

The Cardano Blockchain Ecosystem may delegate to the Member-Based Organization the educational initiatives and mandates set forth in this Article IX. *(Effective and Purposeful Processes)*

Article X [Decentralized Ecosystem Collaboration]

Section 1

The Cardano Blockchain Ecosystem shall promote and foster collaboration among Members, creating a supportive environment for innovation, growth, and mutual benefit. *(Growth-Stable and Robust Evolution)* The Cardano Blockchain Ecosystem shall facilitate communication,

knowledge sharing, and resource exchange among Members. *(Inclusive and Equitable Participation)*

An open forum shall be supported for discussions on ongoing and proposed projects and governance actions for the Cardano Blockchain Ecosystem. *(Effective and Purposeful Processes)*

Section 2

The Cardano Blockchain Ecosystem shall encourage the development of decentralized platforms, tools, and applications that support collaboration and coordination within the Cardano Blockchain Ecosystem. *(Growth-Empowered and Incentivized Creation)*

Section 3

The Cardano Blockchain Ecosystem shall support the establishment of cross-chain and cross-protocol partnerships, enabling seamless integration and interoperability among different decentralized ecosystems and technologies. *(Growth-Stable and Robust Evolution)*

The Cardano Blockchain Ecosystem shall prioritize the development of open standards, APIs, and protocols that enable seamless collaboration and integration among different projects and platforms. *(Growth-Empowered and Incentivized Creation)*

Section 4

The Cardano Blockchain Ecosystem shall encourage active participation in industry events, conferences, and forums, representing the interests of the Cardano Blockchain Ecosystem and contributing to the development of the decentralized technology landscape. *(Growth-Stable and Robust Evolution)*

The Cardano Blockchain Ecosystem shall encourage the formation of collaborative working groups, task forces, and committees focused on addressing key challenges and opportunities in the decentralized Cardano Blockchain Ecosystem. *(Effective and Purposeful Processes)*

Section 5

The Cardano Blockchain Ecosystem shall actively engage with regulatory bodies, policymakers, and industry stakeholders, advocating for policies and regulations that foster innovation and growth in the decentralized Cardano Blockchain Ecosystem. *(Resilient and Responsive Operations)*

Article XI [Decentralized Accessibility and Inclusivity]

Section 1

The Cardano Blockchain Ecosystem shall prioritize accessibility and inclusivity, ensuring that all individuals, regardless of their technical expertise, socioeconomic background, or geographical location, can participate in the decentralized Cardano Blockchain Ecosystem. *(Inclusive and Equitable Participation)*

The Cardano Blockchain Ecosystem shall strive to create a global community of diverse participants, fostering inclusivity, accessibility, and equal opportunity for all to contribute to the Cardano Blockchain Ecosystem's development and success. *(Inclusive and Equitable Participation)*

The Cardano Blockchain Ecosystem shall foster a diverse and inclusive community, actively encouraging participation from individuals of different genders, races, ethnicities, cultures, and backgrounds. *(Inclusive and Equitable Participation)*

The Cardano Blockchain Ecosystem shall encourage the development of local communities, empowering individuals to connect, collaborate, and learn from one another. *(Inclusive and Equitable Participation)*

The Cardano Blockchain Ecosystem shall promote the translation of all governance actions and Cardano Blockchain repos into multiple languages to promote broader accessibility. *(Inclusive and Equitable Participation)*

Section 2

The Cardano Blockchain Ecosystem shall develop and support user-friendly tools, applications, and interfaces that facilitate access to, and interaction with, the decentralized Cardano Blockchain Ecosystem for users with varying levels of technical proficiency. *(Inclusive and Equitable Participation)*

Section 3

The Cardano Blockchain Ecosystem shall support initiatives and programs aimed at promoting digital literacy, enabling more people to access and benefit from the Cardano Blockchain Ecosystem. *(Inclusive and Equitable Participation)*

The Cardano Blockchain Ecosystem shall facilitate access to financial resources, grants, and incentives that support the participation and engagement of underrepresented or marginalized groups in traditional financial systems and economies. *(Inclusive and Equitable Participation)*

Article XII [Decentralized Financial Services and Systems]

Section 1

The Cardano Blockchain Ecosystem shall support the development and implementation of decentralized financial services and systems that promote financial inclusion, economic growth, and prosperity for all participants. *(Financial Inclusion; Economic Growth)*

The Cardano Blockchain Ecosystem shall foster the creation and adoption of open financial protocols, facilitating seamless integration and interoperability between different decentralized financial applications and services. *(Financial Inclusion; Open Architecture)*

The Cardano Blockchain Ecosystem shall prioritize the security, stability, and resilience of decentralized financial systems, implementing robust measures to protect users' funds, transactions, and financial data. *(Secure and Resilient)*

Section 2

The Cardano Blockchain Ecosystem shall actively promote compliance with relevant financial regulations such as anti-money laundering and know-your-customer legal requirements, ensuring the legitimacy and integrity of decentralized financial systems running on the Cardano Blockchain. *(Compliant and Accountable)*

Section 3

The Cardano Blockchain Ecosystem shall support the creation of decentralized financial products and services that cater to the diverse needs of Members. *(Financial Inclusion; Diverse Solutions)*

The Cardano Blockchain Ecosystem shall advocate for the recognition and adoption of decentralized financial systems by governments, regulatory bodies, and traditional financial institutions, fostering a supportive and enabling environment for the growth and success of decentralized finance. *(Compliant and Accountable Collaborative)*

The Cardano Blockchain Ecosystem shall establish a robust governance framework for managing decentralized financial systems, ensuring that decisions are made in the best interest of the users and the wider Cardano Blockchain Ecosystem. *(Compliant and Accountable; Decentralized Governance)*

The Cardano Blockchain Ecosystem shall encourage research, innovation, and collaboration in the field of decentralized finance, promoting the development of new technologies, solutions, and best practices that enhance the financial well-being of all participants. *(Financial Inclusion; Innovation and Research)*

Article XIII [Cardano Improvement Proposals]

Section 1

Any Member may submit CIPs for consideration by the Cardano Blockchain Ecosystem. *(Inclusive and Equitable Participation)* CIPs that require governance action shall be submitted for a vote to ADA holders in accordance with this Constitution and the requirements of CIP-1694 and CIP-Guardrails. *(Inclusive and Equitable Participation)*

A program shall be maintained to incentivize Members to contribute to the Cardano Improvement Proposal process. *(Growth-Empowered and Incentivized Creation)*

Section 2

[CIPs shall address their expected impact on the Cardano Blockchain Ecosystem, *(Transparent and Open)* including social impact, *(Social Impact)* financial sustainability, *(Financial Sustainability)* cross platform compatibility and interoperability, *(Interoperability)* and ethical implications.] *(Ethical Principles)*

A transparent evaluation process with clear criteria shall be established for CIPs. *(Transparent, Effective and Purposeful Processes)* A framework shall be established to determine the most pressing CIPs to be considered by Members. *(Transparent and Open)*

A program to foster collaboration and diversity of ideas for CIPs among new and experienced Members shall be established. *(Generative, Growth Empowered and Incentivized Creation)* Members shall have the right to ensure that the process for submitting CIPs is protected from undue influence and manipulation. *(Objective)*

A system shall be established to track the progress of CIPs. *(Transparent and Open)*

A guide containing best practices for CIPs shall be developed and maintained for reference. *(Transparent and Open)*

The Cardano Blockchain Ecosystem shall maintain a centralized location for all CIPs and related documents and shall establish and maintain a repository to store and manage technical documentation related to CIPs. *(Transparent and Open)*

An annual review shall be conducted to identify areas of improvement and update best practices in the CIP process. *(Transparent and Open)* A transparency report shall be published annually to communicate the outcomes of CIPs. *(Transparent and Open)*. The Cardano Blockchain Ecosystem shall periodically review past CIPs and their impact on the Cardano Blockchain Ecosystem. *(Transparent and Open)*

An outreach and education initiative shall be established to engage with all Members and promote understanding of the CIP process. *(Transparent and Open)*

Section 3

CIPs shall reflect industry standards and best practices to ensure compatibility and interoperability with other blockchain ecosystems. *(Interoperability)*

Section 4

The Cardano Blockchain Ecosystem may delegate to the Member-Based Organization the mandates and obligations set forth in this Article XIII. *(Effective and Purposeful Processes)*

Article XIV [Bootstrapping Phase]

Section 1

The Bootstrapping Phase shall be a temporary period that shall continue until such date that the Constitution has been ratified in accordance with Article XV of this Constitution. *(Resilient and Responsive Operations)*

Section 2

During the Bootstrapping Phase, the Member-Based Organization shall cause the Cardano Development Trust to enter into one or more contracts with a maturity of not more than one year with third party developers to provide various maintenance and development activities and operational support to the Cardano Blockchain. *(Resilient and Responsive Operations)*

Only funds that have been contributed to the Cardano Development Trust from the Cardano Pioneering Entities may be used during the Bootstrapping Phase without approval through a governance action by ADA holders. *(Transparent and Open Governance)*

During the Bootstrapping Phase, the Member-Based Organization may seek support from the Cardano Pioneering Entities to maintain the ongoing operations of the Cardano Blockchain to the extent deemed necessary in the judgment of the Member-Based Organization. *(Resilient and Responsive Operations)*

During the Bootstrapping Phase, the Member-Based Organization and a technical steering committee composed of members of the Member-Based Organization shall be formed to oversee the Cardano Blockchain Ecosystem's operations, development, and initial decision-making. *(Transparent and Open Governance)*

The technical steering committee shall be composed of subject matter experts in the Cardano Blockchain Ecosystem, selected by the initial members of the Member-Based Organization, to provide guidance on the Cardano Blockchain Ecosystem's technical development and strategy. *(Resilient and Responsive Operations)*

The Bootstrapping Phase shall include predefined milestones and timelines for achieving specific goals, such as the development of core features, onboarding of new members for the

Member-Based Organization, and establishment of initial governance structures. *(Effective and Purposeful Processes)*

During the Bootstrapping Phase, the Cardano Blockchain Ecosystem shall actively seek input and feedback from its Members, fostering a collaborative environment to refine the governance model and other essential aspects of the Cardano Blockchain Ecosystem. *(Inclusive and Equitable Participation)*

Section 3

During the Bootstrapping Phase, an Interim Constitutional Committee shall be established with three initial members representing Input Output Global, Emurgo and Intersect. *(Growth-Stable and Robust Evolution)* The Constitutional Committee shall be increased to seven members upon conclusion of the Bootstrapping Phase. *(Inclusive and Equitable Participation)*

Section 4

Upon the conclusion of the Bootstrapping Phase, any temporary governance structures shall be dissolved, and the Cardano Blockchain Ecosystem shall operate under the decentralized governance model as defined in the Constitution, CIP-1694 and CIP-Guardrails. *(Transparent and Open Governance)*

Article XV [Ratification Process (Going from Interim to Final Constitution)]

Section 1

The Member-Based Organization shall facilitate a series of global workshops for ADA holders to discuss and debate the Articles of this Constitution. *(Inclusive and Equitable Participation)* Workshops shall be geographically distributed to capture the breadth of sentiment in the Cardano community. *(Inclusive and Equitable Participation)* Each workshop shall elect a delegate who shall participate in a Constitutional Convention and each delegate participating in the Constitutional Convention shall have an equal vote. *(Open, Empowering, Representative)*

Section 2

The Constitutional Convention shall be hosted by the Member-Based Organization and shall be held no later than October 31, 2024. *(Effective and Purposeful Processes, Merit-based)*

Section 3

The Cardano Constitution shall be ratified at the Constitutional Convention where delegates elected to attend the Constitutional Convention shall approve the final Constitution with such amendments as they deem appropriate and necessary. *(Open, Empowering, Representative)* The Constitution as approved at the Constitutional Convention shall be submitted as a

governance action in accordance with CIP-1694 no later than December 31, 2024. (*Consensual, Inclusive and Equitable Participation, Transparent and Open Governance*)