

Governance & Policy

Ambient protocol uses a three-layer division of responsibility:

?

Governance fills the traditional role of a DAO. It includes full power over the protocol, and is controlled by M-of-N multisigs and timelock resolutions.

Policy is an intermediate layer that sits between the DAO governance and the DEX contract itself. It can either directly relay resolutions from the governance layer, or delegate limited administrative control of the DEX to external smart contract policy oracles explicitly installed by DAO governance.

Mechanism is the underlying DEX contract itself. CrocSwapDex (the core smart contract holding dex liquidity and positions) is built with tunable parameters that can be dynamically adjusted by external policy oracles. That allows the protocol to improve and experiment with new functionality in a way that's safer and more contained than directly upgrading the underlying DEX smart contract.

[Previous](#) [Knockout Liquidity](#) [Next](#) [Surplus Collateral](#) Last updated 9 months ago On this page