

## Prioritization in CIP-1694

1. Motion of no-confidence	A motion to create a <i>state of no-confidence</i> in the current constitutional committee
2. Update committee and/or threshold and/or terms	Changes to the members of the constitutional committee and/or to its signature threshold and/or terms
3. New Constitution or Guardrails Script	A modification to the Constitution or Guardrails Script, recorded as on-chain hashes
4. Hard-Fork <sup>2</sup> Initiation	Triggers a non-backwards compatible upgrade of the network; requires a prior software upgrade
5. Protocol Parameter Changes	Any change to one or more updatable protocol parameters, excluding changes to major protocol versions ("hard forks")
6. Treasury Withdrawals	Withdrawals from the treasury
7. Info	An action that has no effect on-chain, other than an on-chain record

Assumptions: Chang hardfork 2 enacted. The argentinve convention proposal is the final constitution proposal as there is not many other likely conventions during that time for constitution.

The cip order in itself is an argument for prioritizing the new thresholds either spo or constitutional. Spo will have significant economic impact and the Constitutional tresholds are an expression of the community trying to resolve a tension in updating the constitution both are of significance to the overall governance system in terms of prioritization. Here the ordering matters. The SPOs will

**Stress tested constitution: Fundamental problem of cardano. Cant be looked in isolation it is a protocol parameter but it is also related to a new constitution change.**

Ordering -> time sensitive ->

Changing constitution might be unfair to the other proposal ruleset. Should only be done in an emergency.

Specific language or general language -> specific language.

Any constitutional update should go through a period of reflection or we have an attack vector.

New constitution no mention of parameter change. It will first be a parameter change and next epoch the new constitution might go into effect.

Attack vector if you each epoch propose constitution.

We also encourage internally to try to resolve dispute

Unless it is emergency. Timesent. Fifo.

Notes:

Proposals are not in isolation. We will end up in situations we vote on something and it will later build upon that case and in other ties we will allreayd know that cases are related and it will sometimes be hard to correctly identify this relationship and we will potentially err here.

Case 1:

## CarDoggo Lawsuit

A noted crypto influencer, "CarDoggo," received upwards of \$10M USD from Catalyst Fund 12 on the promise to build on a successful meme coin marketing campaign to attract new users to Cardano.

After receiving the funds, it was revealed that the supporting analytics data had been faked, and CarDoggo had in fact invested all of the funds in Solana.

A proposal to fund a lawsuit against CarDoggo and recoup the funds for Catalyst has quickly gained traction with 90% of DReps voting in favor of the Treasury Withdrawal Governance Action to transfer 400k ADA into a legal fund.

Note that 500k ADA has been allocated for legal expenses in the Cardano Budget for 2024.

Action Tx ID:

9491714ed55b4f48f44829f1bcbbe218a00dabfd7fe4456e41d1e713fbab7c7e

Action index:

0

Facts:

Catalyst <- Is it unconstitutional: Morally wrong?

Spirit of collaboration test? (not relevant in this case but useful to go through)

Budget allocation implication (not relevant in this case but useful to go through)

Guardrails

Fairly simple one: (is that an argument to take it first)

Case 2:

## Increasing SPO rewards

In order to make stake pools economically viable, several community proposals have gathered momentum to change the Economic Protocol Parameters. Three have been through the off-chain discussion process and approved on chain by the DReps so far:

1. Increase monetaryExpansion to .003
2. Decrease treasuryCut to .12 (12%)
3. Increase minPoolCost to 500,000,000 and increase poolPledgeInfluence to 10 / 10

Note that treasuryCut has not been altered in the last 36 epoch period.

Action Tx ID:

b71f14a5c2b960b582931e0d563d128856ef2eccaff40989d3a0ced23ab21912

Action index:

0

All by themselves or together.



Patrick Tobler



@Padierfind

We need to massively increase the amount of transactions on the chain to keep the chain sustainable.

Once running stake pools isn't worth it anymore, we're in trouble.

And we're approaching it quickly.

The only solution is to replace the staking rewards coming from treasury through transaction fees.

So let's pump those transactions up!

Big topic no one seems to see yet.

Case 3:



## Amending the Constitution

A Constitution has been drafted and agreed by delegates at the Constitutional Convention in Buenos Aires. The new Constitution has been proposed on chain through an Update to the Constitution Governance Action.

However, an anonymous 36% of DRep stake has voted "No" on the proposal for several weeks in a row. No DRep that has voted no will come forward to explain why they have voted against the Constitution.

A Governance Action proposal to lower the Update Constitution DRep threshold (`dvtUpdateToConstitution`) from 75% to 60% has been proposed on chain to allow the vote to go through.

A Constitutional Update Governance Action to lower the Guardrail for New Constitution action thresholds to 60% has also been proposed with 64% of DReps voting in favor.

Action Tx ID:  
5ba3c8439d0a1c52e0215cd88566a6b5993336eba3d1b185974926724cc2d57a  
Action index:  
0

Causes constitutional tension in the system. A large portion of the community wants this change and have expressed this to such a significant degree they are willing to amend the thresholds.

Assume we are in the interim period:  
Priority C then B then A.

3 governance actions here there is a proposed constitution and a threshold proposal on update constitution threshold (parameter change) an

We understand this as the final constitution as it is the one ratified by the argentine convention:

INTERIM-04 (x) Ada holders must have ratified the Final Constitution as specified in Appendix II before ratifying any other proposed "update to the constitution", "update constitutional committee and/or threshold and/or terms", and "motion of no-confidence" governance actions.

In regards to the constitutionality of the proposal “Amending the constitution”

### Summary

The Eastern Council has 8 votes against and 0 votes for voted that the two proposed protocol parameters to Amend the constitution is constitutional, but due to the facts of the case strongly urge the community to come to consensus before the deadline of a Final constitution must be enacted and might vote this action to be constitutional the closer we get to this deadline.

### Facts

The Eastern Council (EC) understands the facts to be that two protocol parameter changes have been proposed a) Update Constitution DRep threshold (dvtUpdateToConstitution) from 75% to 60% and b) Constitutional Update Governance Action to lower Guardrail for New Constitution action threshold to 60% in relation to c) that the drafted Final Constitution from Buenos Aires has not been approved due to being under the threshold.

### Relevant articles

In regards to the constitution the EC considered the deadline in Section 3 appendix II of the constitution as relevant to the time limit of approval of such a Final Constitution be no later than January 31. 2025.

The EC considered that the Interim-04 guardrail as described in section 9 of the guardrails is relevant, as it relates to the priority of this action. With “no threshold and/or terms” being able to be propose before the Final Constitution has been ratified it is currently blocking ratification of other threshold governance actions currently proposed on the blockchain.

Of relevance to the EC rationale is also the introduction notes on the intent of the interim constitution to be temporary and that the Final Constitution must be ratified by ADA holders. These principles should not be compromised, until the date of which the Final Constitution is ratified.

### For

The EC would like to highlight that the intent of the interim constitution is for a Final Constitution to be enacted, and we could end up in a situation where the CC term is over and we have also violated the intent of the constitution as well as its timelimits. We therefore strongly urge the community to reach consensus before these timeline and if no consensus can be formed we as the EC is giving a non-binding opinion that we could rule these proposals as constitutional the closer we get to the deadline due the intent of the constitution.

Against

The community still has a period of time to come to agreement on ratifying the constitution.

Internal Vote

8 no

0 yes.

In regards to the constitutionality of the proposal “Increasing SPO Rewards”

### Summary

3 proposals that have been proposed together by the community to increase SPO rewards was voted as unconstitutional by 8 yes votes 0 no votes in the council due to violating PPI-02

### Facts

The Eastern Council (EC) understands the facts to be that there are 3 interlinked actions of A) Increasing MonetaryExpansion to .003 B) Decrease treasuryCut to .12(12%) and C) Increase minPoolCost to 500,000,000 (lovelaces) and increase poolPledgeInfluence to 10/10.

### Relevant-articles

The EC believes it is of relevance in the constitution that PPI-02 must not exceed 1.0.

For

No arguments for.

Against

This proposal should have been blocked by the guardrails and is unconstitutional.

Internal Vote

8 No

0 Yes.

In regards to the constitutionality of “CarDoggo Lawsuit”

#### SUMMARY

The treasury withdrawal for the CarDoggo Lawsuit was approved by 90% of DReps and was voted as constitutional by 8 yes votes 0 no votes in the council due to assessment based Section 8 and 3 GUARDRAILS AND GUIDELINES ON TREASURY WITHDRAWAL ACTIONS - APPENDIX 1

#### FACTS

The Eastern Cardano Council (ECC) recognizes that 500K ADA has been allocated for legal expenses in 2024, and that the withdrawal of 400K ADA from the already allocated 500K ADA is a possible treasury withdrawal, and that treasury withdrawals of less than 1,000,000 ADA are not obligated to pay for independent audit and implement oversight metrics. Therefore, there is no violation in this treasury withdrawal.

#### RELEVANT ARTICLES

ECC believes 400K ADA Treasury withdrawal for CarDoggo Lawsuit is constitutional based on the interim constitution Section 8 and 3 GUARDRAILS AND GUIDELINES ON TREASURY WITHDRAWAL ACTIONS - APPENDIX1.

Against

No arguments against.

Favor

This proposal is constitutional based on the Interim Constitution “Section 8” and “3 GUARDRAILS AND GUIDELINES ON TREASURY WITHDRAWAL ACTIONS - APPENDIX1”.

Internal Vote

8 Yes 0 No.