DRep Code of Conduct

Content

Introduction :

This document is the Delegated Representative (DRep) Code of Conduct. It applies to both Catalyst DRep and the CIP 1694 DRep, containing constitutional recommendations input by communities from various channels and mediums since 2. Dec 2023 and onwards. If the treatment differs between CIP1694 DRep and Catalyst DRep, this will be clearly indicated in a footnote.[1] Furthermore, through this document, we recommend that DReps disclose three components to delegates and use these three items as the basis and fundamental indicators for selecting DReps. It is vital for a healthy governance system. Thus, we present the Policy for formulating rules and following the DRep code of conduct definitions. ADA holders can self-register and delegate their DRep, but such cases are outside the scope of this document. Also, non-confidence DRep and abstention DRep are out of scope.

Policy for formulating rules

The following policies were established for the creation of this document.
- **Values, not rules**: We aim to present desirable values for resilient governance rather than merely establishing minimum rules.[2] This document has been established and formed based on the values of immutability, resilience, transparency, security, and, finally, the accountability of the users of the blockchain for everyone's long-term benefit. We are first given our considered values and examples of how such a value-based approach could be solved for the individual DRep.
- **Erring on the side of freedom**: Allow DRep freedom whenever possible. However, we have to make a choice in how we give examples of implementing values. The practical selection would ideally comprise risk assessment interoperate with the chance of erring on the side of freedom. This is also important in terms of flexibility. Allow for some flexibility in the requirements to accommodate different types and sizes of DReps and potential changes in Cardano ecosystem over time.[3]

CIP1694 DRep Code of Conduct[4]

Code of Conduct		What each DRep should define	Minimum items required of all DRep
1) Establishment of disclosure rules and operational methods	1-1) Disclosure information	[Competence]Have the knowledge & abilities to cast a vote[5] 1) Areas where you have knowledge and ability. 2) Minimum hours allotted to governance individually or as a team (resource hub).	1) Whether you have knowledge and skills in the area of each type of governance action. 2) How much resources are available to consider voting on governance actions.
		[Identity]You are not running multiple DReps under cover with any possible extended measures 1) Valid contact information for communication. 2) Identity information (if possible, use DIDs, issue VCs, and selectively disclose information that you feel is important) for disclosure depending on their risk tolerance	1) Your valid email address (If there is no response within one week, it is generally considered not "valid".) 2)One account for the platform most active online.
		[Interests and Alliances] 1)Interested organizations and voting policies for them and 2)other organizations that influence voting behavior.[6] About 1). To verify there is no corruption or bribery, disclosure should include policy on voting decisions for DReps with conflicting or any potential economic interest by being part of team or projects. About 2), Lobbying rules, the DRep's role in that organization, how it may influence the DRep's voting behavior, should also be disclosed.	1) At a minimum, if you or your relatives receive income((including other financial relationships such as debts) from an entity in the Cardano ecosystem, including a proposer-affiliated company, disclose that entity. 2) It then articulates the voting policy for governance actions relevant to that organization.
		[Voting process]The voting behavior rules are open to the public, and it can be verified that voting is not done arbitrarily.[7] 1)Policy on Voting coverage (In other words, your criteria for abstaining) 2)Policy on Voting Decision disclosures	1)Policy on Voting coverage (In other words, your criteria for abstaining) 2)Policy on Voting Decision disclosures (This includes the application of the Constitution, the use of experts, and the application of the minimum policies required by the Catalyst/CIP1694 platform.)
	1-2) How to update disclosure information	1) The frequency of regular information updates, 2) The timing of information updates before voting, and 3) The notification method when information is updated.	1)Regular updates: at least once every three months 2)Pre-voting update: 2 weeks before voting 3)Notification method: Notification by email to those who requested notification
2) Execution and feedback collection and improvement with respect to 1)		Define how you will collect feedback and how it will lead to improvements.	1) Prepare a feedback form. 2) Have a process in place to see if the feedback led to improvements or if it was rejected.
3) Actions that are universally required		If you have something you want to define, please declare it.	You will of course abide by the "Community Code of Conduct" as defined by the Cardano Foundation. This is so obvious that we won't copy-paste it here, but please always be polite and avoid harassment of any kind.

Catalyst[8] DRep Code of Conduct

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		About 1). To verify there is no corruption or bribery, disclosure should include policy on voting decisions for DReps with conflicting or any potential economic interest by being part of team or projects. About 2), Lobbying rules, the DRep's role in that organization, how it may influence the DRep's voting behavior, should also be disclosed.	from an entity in the Cardano ecosystem, including a proposer-affiliated company, disclose that entity. 2) It then articulates the voting policy for governance actions relevant to that organization.
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Document management policy and change history and contributors

The management policy of this document

The document is currently a merged version of the Catalyst DRep Code of Conduct with the Code of Conduct in general for Delegate Representatives. It is currently maintained by the group having a catalyst proposal for a series of DRep workshops. (Adam, Ekow, Eystein, Jose, Thomas and Yuta). There are multiple ways to give feedback detailed at the start of the document, and we welcome community members to join in as part of the editorial team in the future.

This document should be constantly improved. Some improvements should be made at least once every three months, and if there are no changes for more than three months, please contact the ``DRep workshops" group. If the "DRep workshops" group is inactive, document management rights should be transferred to another group.

Feedback Tracking Records

- Norwegian / international community first feedback round 02-04th December 2023:
  Eystein and Thomas held an online feedback round and reached out to the Norwegian Cardano Community.
  https://docs.google.com/spreadsheets/d/1s5qCkodyxx-0elxhgh0QaahZjsCXv7MO5IMRwzuTTZc/edit?usp=sharing
- Twitter space with Adam, Eystein and Jose where we also mentioned and asked for feedback for the Code of Conduct.
  https://twitter.com/AdamRusch/status/1731705154678776029
- Online first feedback round 08-12th December 2023:
  Ekow, Yota and Jose reached out to Ghana, Japan and Latam communities for a feedback round.
  https://docs.google.com/spreadsheets/d/1gH6DPDb77MXd9H2Ul218Me0vR2_xhnZfC4ltF2Cy-x0/edit?usp=sharing (this form will also have further feedback from other communities)
- Online outreach 18-20th December 2023:
  The whole team reached out to multiple Cardano online communities during this period and used the same form as in the previous rounds: https://docs.google.com/spreadsheets/d/1gH6DPDb77MXd9H2Ul218Me0vR2_xhnZfC4ltF2Cy-x0/edit?usp=sharing
- Feedback from CF and workshop attendees online during 24th december to 9th January added directly as comments in document.
- Japan 2nd feedback 13th January (postponed from 30th december) added directly as comments in document.

1. **For feedback on this document for now, you may use this link:**
https://forms.gle/Q9SzxV3RDWjEvrsW6
2. **You can leave a comment with (Command + Option + M).**
Summary versions:
● NADA (Nordic Cardano Community) graphical short version for the Workshop in 20th January
https://drive.google.com/file/d/1iVvTR06aviORFMABu9VQg4qGKTxoRAWi/view?usp=sharing

Appendix
A. The DRep role Constitutional guardrails

DRep actions that could be considered against a Cardano constitution should be based on the established values of the Cardano constitution. For now, it is clear that the blockchain itself is immutable and has the liveliness to be a functioning blockchain. We need to ensure that DReps cannot change the immutability and liveness of the blockchain. And we have this as our starting point for recommendations for the constitution from a DRep perspective. We also argue that the governance system needs to have some form of accountability for the long-term benefit of governance and voter rights to ensure participation in said governance.

We will update here with recommendations as it becomes more clear what the constitution for Cardano upholds as its values if it is a value-based constitution, and what rules that could relate to dReps if it is a more rules-based focused constitution.

Values	Breakdown	Definition
(1) Immutability	(1-1) Unchanged Blockchain history	dReps voting on removing previous blockchain data.
	(1-.2) Unaltered Blockchain history	dReps voting on altering previous blockchain data.
(2) Liveness	(2-1) Parameter changes disrupting liveness	dReps voting for parameter changes that would clearly halt the network such as, for example, a 0 block body size.
	(2-2) Governance liveness	dReps voting for parameter changes that would clearly halt or remove any meaningful governance actions to the extent that there is no longer a functional governance system, such as a 0% voting threshold for all parameters.
(3)accountability	(3-1) Voter history	dReps, for example, voting on removing all voter history.
	(3-2) Verifiability (3-3) Responsibility	dReps, for example, vote on removing ways to verify that the inputs of individual dRep votes were tallied, and this can be independently observed. dReps voting on full anonymity that includes addresses used to instigate change, thus removing any responsibility for changes made.
(4) Suffrage	(4-1) Voting rights	dReps voting, for example, on the complete removal of voting rights of all other dReps or specific groups of dReps. More controversial: The banning of selling of votes?
(5) Sustainability	(5-1) Economic properties	dReps, for example, voting on a clearly unsustainable economic practice such as burning all tokens leaving only a single ada to a husky address and metadata of "shit happens".

B. Consideration of whether the disclosure items are comprehensive:

We confirmed that the disclosure items are comprehensive, as they are set up to address all currently recognizable risks associated with the DRep.

List of risks and corresponding disclosure items.

In the process of making this document draft we also identified several risks that DRep needs to be aware of and that we believe should be important aspects to look into for training of DReps.

Some of these risks are from the great work done by the Cardano Governance Security Working Group led by Rick McCracken.

Basically, there is no difference between CIP1694 and Catalyst in this section. If there are differences, they are noted in a footnote.[10]

Risk	Code of Conduct element
DReps lose keys, stolen or sold to a bad actor.	Knowledge
Widespread amount of DReps that do not have sufficient knowledge to have an efficient governance system.	Knowledge
Lack of Technical understanding by DReps causes them to misunderstand or fail in governance actions.	Knowledge
Widespread amount of DReps that have not enough resources to adequately conduct votes (incentives, time etc).	Resources
Widespread sybil behavior from DReps.	Identity / Anti-Sybil attack measures

DAO & Organization risks with the smart contract or multi-wallet technology they interact with (may require audits?)	Interests and alliances / Organization disclosures
Powerful Voter Collusions between DReps (could cause voter fatigue among other things)	Identity / Anti-Sybil attack measures, Interests and alliances / Coalition measure
DRep botting with random voting behavior for incentives or to keep DRep active without fulfilling any useful governance purpose.	Voting process / Voting Decision Rules
Superstar/Overpowering DRep - with no saturation limit this is a potential risk again for voter fatigue as well as resource-draining attacks from the overpowering DRep.	Voting process / Voting Decision Rules, Interests and alliances / Interests of the Proposer
Game theory risks such as selling voting power in a token offering similar to the ISPO model or tokenized DAO or Organization voting power and reselling.	Interests and alliances / Interests of the Proposer
Lack of transparency on voting patterns of DRep to put delegator informed [a][b][c][d] on the kind of votes being cast. *1	Voting process / Voting Decision Rules Interests and alliances / Interests of the Proposer
DRep bias, dRep may not represent their delegates fully based on gender, religion, ethnicity, political geographical locations. *1	Voting process / Voting Decision Rules
Risk of relegating voter's power in circumstances where DRep engages in malicious voting and practices detrimental to the ecosystem.	Voting process / Voting Decision Rules
DRep bias, dRep may not represent their delegates fully base on gender, religion, ethnicity, political geographical locations.	(3-1) Voting Decision Rules

*1 : From our feedback rounds these further risks have been identified for the CIP 1694 DRep governance.

C. Reference links and Reference informations

An Introduction to Liquid Democracy
https://medium.com/@memetic007/liquid-democracy-9cf7a4cb7f

Details of CIP1694 written about CIP1694, DRep and Constitution
https://www.1694.io/

A Treasury System for Cryptocurrencies: Enabling Better Collaborative Intelligence
https://iohk.io/en/research/library/papers/a-treasury-system-for-cryptocurrencies-enabling-better-collaborative-intelligence/

DRep incentives
Although incentives are beyond the scope of this document, the workload of CIP1694DRep is estimated to be small and unpaid volunteers are assumed.
The details of CatalystDRep's incentives are not clear, but three things will be emphasized: effective (good outcomes), fair (anyone with the same resources can have the same outcomes), and efficient (not too slow) governance.

Advantages and disadvantages of becoming a DRep
Advantages
You can earn reputation. You can also contribute to the future of Cardano.
Disadvantages
There is no reward. Making decisions that are considered inappropriate by some communities can expose you to criticism. A deposit may be required.

More Workshop Ideas
It was suggested that initiatives such as a script DRep that "delegates to someone else's DRep unless he himself overrides the vote," or a list of DReps who are making contributions, would be interesting.

Edit history
2022

History of Catalyst DRep Code of Conduct changes

v0.1 release - 11/22/2022

v0.4 release - 12/20/2022 (Much improved content thanks to Ha Nguyen)
v1.0 release - 12/27/2022
v1.1 release - 12/27/2022 (Much improved content thanks to Fuuko Lu)

2023

Catalyst DRep Code of Conduct V1.2 11/19/23 Added risk segment and connected to each recommendation, constantly use term DRep. (Eystein Hansen) in adopting the document to the DRep Code of Conduct document that will be used for DRep workshops.
Catalyst DRep Code of Conduct V1.3 15.12.23 Added new risk segments based on feedback from the community. (Eystein Hansen).
CIP1694 DRep Code of Conduct V0.1 11th November 2023.
CIP1694 DRep Code of Conduct V0.2 12th December 2023.
CIP1694 DRep Code of Conduct V1.0 15th December 2023.
CIP1694 Drep Code of Conduct revised V1.0 20th December 2023.
DRep Code of Conduct revised V1.1 20th-26th December 2023. - Mainly major revisions in terms of format.

2024

January 9-14th. Changed the name to Code of Conduct (merged the two codes of conduct) and v1.0 as well as adding a graphical version and making changes from the Japanese community feedback the 14th of January.
March 2024 - Review of the workshop feedback and changing the Code of Conduct to 2.0. Include a catalyst DRep segment again.

Contributors history

2022

History of Catalyst DRep Code of Conduct changes
v0.1 release - 11/22/2022
v0.2 release - 11/26/2022 (Much improved content thanks to Em Russom ,Eystein Magnus Hansen ,Felix Weber, Yan Tirta ,Luke Mahoney (Mlabs) and Tevo Saks)
v0.3 release - 12/08/2022 (Much improved content thanks to Vladimir Pekic, Nick OLEUM Stakepool and June Akra)
v0.4 release - 12/20/2022 (Much improved content thanks to Ha Nguyen)
v1.0 release - 12/27/2022
v1.1 release - 12/27/2022 (Much improved content thanks to Fuuko Lu)

2023

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CIP1694 DRep Code of Conduct V1.0 15th December 2023.
CIP1694 Drep Code of Conduct revised V1.0 20th December 2023.
Drep Code of Conduct (change of name) V1.0 3. January 2024 (Yota edits + community contributions)

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DRep Code of Conduct v2.0 page

[1] There are two important differences between the Catalyst DRep and the CIP 1694 DRep in this document.
1)The design of the CIP 1694 clearly opens up for DReps that utilize a native or plutus script for credentials such as a smart contract-enabled DAO or a multi-signature type of credential.

2)The technical capabilities needed are more clearly defined and actively being worked on in the SanchoNet testnet as well as the tooling for DReps is being worked on, such as the GovTools.

[2] Reason: This approach is believed to be more flexible and adaptable to potential changes in the governance system.

[3] For example, when considering DAO's potential added complexities to DRep governance we also looked at the potential this has to unlock new ways of governance and new ways of expressing yourself. A system of governance like the one nations states already have would not be to try to push for the potential of decentralized governance. In the end, while catastrophic for the blockchain if it failed, we would gain more as a human species if we pushed for further freedoms and unlocking new governance forms through blockchain technology.

[4] Proof of Disclosure, Penalty for Violation and Incentives - If possible, incorporate a system of proof of disclosure and penalties for non-compliance. There is no system with current technology to objectively enforce this, but if such a system were created, this would need to be written into the code of conduct table above. It was also suggested that although incentives are not currently envisioned in CIP 1694, it would be better to implement incentives in some form.

[5] ・It is both sincere and important to comment on areas where "lack of knowledge precludes voting."

 ・[Examples of essential knowledge] Basic knowledge of CIP 1694, Cardano and blockchain is required.

 ・[Examples of knowledge that may be better to have] Knowledge that would be helpful in some cases ranges from business skills (marketing and investment strategies) to knowledge of specific areas such as micropayments in Africa.

 ・[How to prove knowledge] Certificates for courses such as the DRep Pioneer Program and by writing essays on governance. This knowledge can be evidenced by certificates from DRep Pioneer Program and other courses, essay writing on governance, X followers, LinkedIn, CV etc.

[6] In the case of DAO-type DReps, disclose 1, how DAO issued tokens are traded 2. the parameters of governance scripts, 3,the sale of DRep voting rights.

[7] ・Each DRep is encouraged to poll its delegates on how they should vote. The timing, methods, and tools for this should be agreed upon by the delegates.

 ・Policy on Voting Decision disclosures includes the application of the Constitution, the use of experts, and the application of the minimum policies required by the Code of conduct for CIP1694 DRep.

each time there is a change in the voting method on the Catalyst platform.

Another thing to consider is the Catalyst DRep likely will have to consider the overall budget and give some rationale to prioritization within that budget for delegator of the DRep. This could be done through a list of proposals voted for and rationale for these voting for the delegators to see.

Any Catalyst DRep that shares other roles within Catalyst such as being a reviewer should disclose this but should not exclude the DRep from voting unless there is a conflict of interest.

We expect to evolve the Catalyst DRep and look forward to any feedback from the series of workshops on Catalyst in 2024.

[9] In the case of DAO-type DReps, disclose 1, how DAO issued tokens are traded 2. the parameters of governance scripts, 3,the sale of DRep voting rights.

[10] There is no difference in risk between the two at this stage as the Catalyst DRep is not in active testing. However, different risks may be identified in the future when both processes are more clearly defined.

Differences in detected risks:

Catalyst DREP giving kickbacks after voting as appreciation. Although it may occur with CIP1694, it may be more likely to occur with Catalyst considering the frequency and number of projects.

[a]This seems grammatically incorrect making it unclear in meaning.

[b]Agree. Lack of transparency on voting patterns of DReps is problematic because the delegators are not informed on how the votes are cast (some DReps are considering having internal vote for how they will vote, others will use experts / own opinions etc.) In any case this document should be moved to intersect github repo and we should be working on a new version there.

[c]If it is moved, does the Catalyst relevant portion migrate with the document or live elsewhere?

[d]That is up to the community no longer my document only, my own personal opinion is let us divide the two as I know catalyst are doing their own workshops on this topic.