Shyft Federation Constitution

Preamble

We, the undersigned (the "Federation Members", or "Members"), hereby establish this unilateral agreement (the "Constitution") known heretofore as the Shyft Federation (or "the Federation"). This Constitution outlines the Rights, Duties, Penalties, and Authorities of Federation Members.

The Federation ensures the security, stability, and advancement of the Shyft Network Blockchain ("the Chain"). As a collective, the Federation succeeds by executing the Duties as agreed upon by a supermajority of its Members. As individuals, Federation Members operate Nodes ("Validators" or "Block Sealers") such that each Member satisfactorily performs its role as a Member of the Federation.

This document stands as the guiding principles for individual Members and for the Federation at-large.

Rights

We hereby agree and express the following are the rights of the Members:

1. The Right to be a Member

    1.1. A Member is able to seal transactions as a Validator on the Chain upon signing of this Constitution (unless removed under other provisions).

2. The Right to vote on matters of the Federation:

    2.1. Each Validator shall be entitled to one vote per matter.

    2.2. Each Validator shall be entitled to propose additions or amendments as necessary to this Constitution.

    2.3. Each Validator shall be entitled to propose the addition or removal of Members to the Federation.

3. The Right to Verify:

    3.1. Verify current network configurations (block rewards, block times, etc.)

    3.2. Verify performance, such as uptime violations, of existing Validators.

4. The Right to Incentive:

    4.1. Receive SHFT for their performance of Duties. A Node sealing a block results in the protocol creating a 7 SHFT reward, per block.

    4.2. Retain, dispose, leverage, or otherwise use SHFT generated from sealing blocks as seen fit as long as it does not jeopardize the sustainability, security, or functioning of the Chain.

5. The Right to Remain:

    5.1. Members have a right to remain as Members unless they fail to consistently perform Duties.

6. The Right to Transfer:

    6.1. Members may transfer, sell, or otherwise dispose of ("Transfer") their Node and Validation key(s) including Transfer to another Member.

Duties

As a Federation, we hereby agree and express the following as obligations of the Members ("Duties"):

1. Ensure Security of the Chain and individual Node Operations:

    1.1. Seal blocks (blocks with no transactions must still be sealed)

    1.2. Remain online.

    1.3. Deploy critical (security-related) software updates.

2. Generate application(s), onboard new users, and/or support new or ongoing use cases that leverage the Chain.

3. Use Incentive to support various enterprise applications, including the promotion of the feature set offered by the Chain.

4. Support common interests:

4.1. Uphold the common good of the Federation.

4.2. All Member-sponsored or other paid communications should aim to avoid public-forum messaging that may be considered financial advice or otherwise speculative in nature.

4.3. Federation Members will strive to have outcomes be in the best interest of the Chain.

5. Participate in governance:

5.1. Attend ad hoc and regular Federation Member meetings to consider:

5.1.1. Current status and ecosystem applicability.

5.1.2. The potential removal of a Member of the Federation based on a record of failure to reliably perform Duties.

5.1.3. The potential addition of an entity to the Federation based on contribution to the related business interests, technical proficiencies, and physical operation of the Chain.

5.1.4. Various other Federation Duties

6. Notify of Transfer:

6.1. Members of the Federation have a duty to notify the Federation with 6 weeks' notice in the event of Validator key ownership transfer, at which time the subsequent owner will become the Member and the prior owner will cease to be a Member unless they still retain a separate, authorized Validator key.

6.1.1. If the Federation feels this transfer is not beneficial to the Network, a $\frac{2}{3}$ + 2 threshold must be met to block the transfer.

6.2. Should a Member of the Federation choose to change their Validator key(s) after the main net has launched, 6 weeks' notice must be given to the Federation and the new Validator key must be used to sign this Constitution once more.

7. Maintain Confidentiality:

7.1. Keep non-public, business-related, or personal information internal to the Federation confidential.

Penalties

1. Repeat unavailability or significant downtime of a Validator or Node respectively will be recorded and could be used as evidence if that particular Member comes under review for removal.

2. If a specific Node is not available at their designated time, their reward will be lost for that block.

Authorities

The Federation adheres to a common set of principles to faithfully execute the protocol as agreed upon by the supermajority of its Members:

1. Manage DAO mechanics in the existing smart contract and on chain voting systems.

    1.1. Changes to any of these thresholds, values, or contexts (throughout this Constitution) requires the same voting threshold as that required for the removal of a Validator.

2. Add or remove Validators keys (only on the basis of a vote of the Members based on the majority threshold specified below):

    2.1. A vote for the addition of a Validator requires a ⅔ majority of current Members plus 1.

    2.2. A vote for the removal of a Validator requires a ⅔ majority of current Members plus 2.

3. Vote to invoke a Chain fork based on the majority specified below to achieve:

    3.1. Adjustments to the seconds per-block sealing rate requires ⅔ majority of current Members plus 2.

3.2. Adjustments to the Reward threshold per block requires ⅔ majority of current Members plus 2.

3.3. Adjustments to the block Gas Limits requires ⅔ majority of current Members plus 2.

3.4. Adjustments to Block Size requires ⅔ majority of current Members plus 2.

4. Protocol code (code on Github):

4.1. Propose changes to the protocol/Contributions to the codebase via public code repository "pull requests".
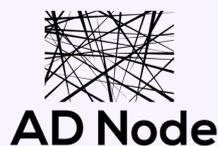
Amendments to the Constitution

1. A Member may present a "Proposition of Amendment" to the Federation that contains, in writing:

1.1. A specific proposed Amendment.

1.2. The purpose and/or reason for the Amendment.

1.3. The anticipated or expected outcome.

1.4. A summary of the economic, governance, and technological impact to the Federation as a result of the proposed Amendment.

2. A Proposition for Amendment requires a second Member to endorse the Proposition:

2.1. No Member, nor second, may propose (or second) more than a single Proposition of Amendment to the Constitution within a 2 year period.

3. The Federation will have up to 14 calendar days to review and comment on the Proposition for Amendment ("the Comment Period").

4. The day following the end of the Comment Period, a "Special General Meeting" of the Federation will be held to hear the Proposition in its final form.

4.1. A Special General Meeting requires at least a Quorum of Members to qualify as such.

5.   The Final Vote on the Amendment is to be held no sooner than one week after the conclusion of the Special General Meeting, but no later than 4 weeks after the conclusion of the Special General Meeting:

   5.1.   Once called, the Final Vote is held 'open' over a period of 14 days to allow for all Members to participate in the Final Vote.

   5.2.   To pass an Amendment, a vote of 'in favour' by no less than ⅔ majority plus 2 of all Federation Members is required.

   5.3.   If sufficient votes are acquired for the Amendment, the Proposition of Amendment is adopted, and the amended Constitution will again undergo a signing event of the Validator keys intending to participate.

   5.4.   If insufficient votes are acquired for the Amendment, the Proposition for Amendment fails.

6.   Adopted Amendments will be implemented within a reasonable time frame, but no longer than 30 days.

7.   All Amendments will be annexed to the Constitution and will be distributed to the Federation Members for resigning.

Postamble

As outlined in this Constitution, Members of the Federation agree to the aforementioned Rights, Duties, Penalties, and Authorities. Members also acknowledge that the Constitution is subject to potential amend ments as proposed & adopted by the Federation.

Federation Members

Public members. Non-public members will be announced soon.